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Europe
A History of Ten Years

Raymond Buell

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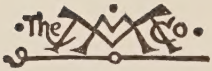

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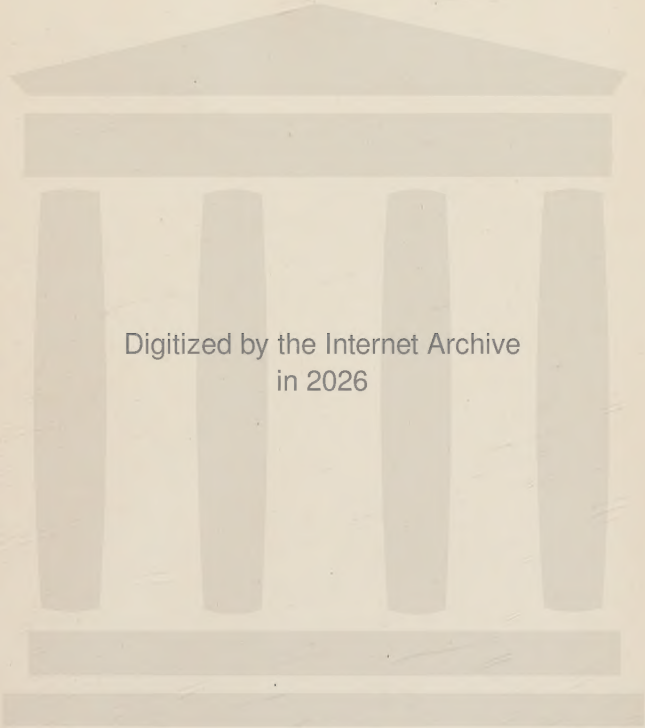
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EUROPE:

A HISTORY OF TEN YEARS

BY

RAYMOND LESLIE BUELL

1896

WITH THE AID OF THE STAFF OF THE
FOREIGN POLICY ASSOCIATION

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INTRODUCTION

About seventy-five years ago a Frenchman by the name of Louis Blanc wrote a many-volumed book which he called "Histoire des Dix Ans". In the introduction to this book he declared that the task of writing contemporary history was "delicate and perilous," but he added that before taking up a pen he severely asked himself whether or not he could write without self-interest or vigorous prejudice. We have not attempted to produce as thorough a study as did M. Blanc, but we have aimed at attaining the spirit which he held out as a guide.

This book is not designed for the technician. It is intended to help every intelligent American who is seeking a general knowledge of the drift of European affairs during the past ten years. In one sense the book has not been difficult to write. The bi-weekly *Information Service* and the weekly *News Bulletin* of the Foreign Policy Association have furnished many of the facts, while monographs and standard year books have provided supplementary material. In another sense, it has been difficult to prepare a survey which at once attempts to knit together the outstanding facts in the domestic and international life of Europe and to interpret these facts in their proper perspective. We have attempted not only to trace the history of the Paris peace treaties but to discuss the internal development of the leading countries of Europe and in-

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terpret the two really vital phenomena of Bolshevism and Fascism. Naturally, the interpretation of some of these subjects will meet criticism. Nevertheless we believe that anyone who takes the trouble to compare the general situation in Europe in 1918 with the situation today will agree that, while there are still many problems to be solved, great progress has been made during the past ten years.

This progress has been primarily financial and economic. But it has also been political and spiritual. The Treaty of Versailles has already undergone important, if little noticed, modifications; the reparation settlement has been thoroughly revised; the League of Nations has gradually introduced a new spirit and method into European diplomacy. The moderation of Sir Austen Chamberlain's statement in the House of Commons on July 18, 1928, on immediate evacuation of the Rhineland, a similar statement made earlier by M. Vandervelde of Belgium and the resolution of the French Socialist party in favor of "concerted action by Socialists in all countries for the revision of the treaties" and for "the immediate and unconditional evacuation of the Rhineland," are signs of the times. Frank pleas for Franco-German rapprochement, which would have been impossible even two years ago, have latterly become not uncommon.

It is not improbable that great changes in the European political situation, perhaps along the general lines sketched in the last chapter of this book, will take place during the next few years. It is hoped in Europe that the conclusion of the Kellogg anti-war pact will aid in disarming the feeling of insecurity still held by many European states, despite the League Covenant and the Locarno pacts.

It is the feeling of insecurity which prevents the solution upon their merits of many international problems. For instance the union of Austria and Germany is opposed because it would strengthen German man-power in time of war. Once the fear of war is removed this objection falls to the ground.

This book is a coöperative enterprise of the research staff of the Foreign Policy Association. Herbert W. Briggs, Elizabeth MacCallum, James G. McDonald, George Nebolsine, William T. Stone and Mildred S. Wertheimer have each contributed chapters or aided in editing the manuscript. The expression of opinion, however, is my own.

R. L. B.

July 28, 1928

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EUROPE: A HISTORY OF TEN YEARS

Europe: A History of Ten Years

CHAPTER I

EUROPE AND THE WAR

Before the Great War Europe was the center of the world. It housed the splendor of royalty. It was the mother of parliaments. Through its colonial system it controlled the greater part of the tropics. Through the savings of its thrifty inhabitants it had become the banker of mankind. It was the patron of the arts and sciences, the home of invention and of industry. It was the seat of the Roman Catholic Church; out of its womb had sprung Protestantism. All America, Africa and Asia rendered tribute to this sub-continent, which covers only one-seventeenth of the world's surface but is populated by a quarter of the world's inhabitants.

Between 1914 and 1918 great changes took place in Europe. Its political and social institutions tottered in the tremendous upheaval of the war. While in the case of the older countries, such as France and England, the structure to-day still stands fast in the case of Russia and of Italy it has fallen to the ground, while builders struggle to erect a new structure in its place. A Rip Van Winkle, awakening in 1928, would not recognize the map of Europe to which he had been accustomed in 1914. He would discover 3,000

miles of new boundaries; he would count six new states, some of which bear names that would be strange to him.

There have been great economic changes also. To-day burdensome taxes are borne by the people; the standard of living is low; in many countries people cannot afford to buy fine clothes—they have few bath tubs, few Ford cars. The control of the markets of the world and of international finance seems to be passing out of European hands.

While the United States, on the one hand, has challenged the financial supremacy of Europe, a different kind of challenge has come out of the Orient. The ancient civilizations of China and India, Egypt, Syria, Morocco and parts of Africa have questioned the right of Europe to control their destinies. In the opinion of some Europeans the situation is ominous. They ask: is European civilization on the decline? Is Europe soon to occupy in the family of continents the position which Ancient Greece and Rome occupied in Europe after the 6th century A.D.?

Before indulging in any broad generalizations in answer to such questions it is necessary to examine what has happened to Europe since 1914 and especially during the last ten years.

The dominant states in Europe before the war were Great Britain and France, Imperial Russia and Austria-Hungary, and Germany, all of whom fell to contending with each other for reasons that will be discussed shortly.

In comparison with the states of Eastern Europe, the problem of political existence for France and England was simple. France possessed a homogeneous population which increased slowly, if at all. The country was relatively self-sufficient; it did not depend for its existence upon foreign

trade. Perhaps its chief material interest abroad, outside of its colonial empire, lay in investments in Russia. While the governments of France were unstable, the heart of the nation—its independent, self-reliant agricultural class—was sound. The international difficulties of France arose largely out of questions of prestige. In 1870 Napoleon III had been inveigled by Bismarck into declaring war against Germany. Germany accepted the challenge with alacrity, crossed the Rhine, and imposed a humiliating peace upon France, depriving her of the provinces of Alsace and Lorraine, and demanding 5 billion francs indemnity. From 1871 to 1914 bitter hearts in France and Germany nurtured the Alsace-Lorraine question and the whole Rhineland problem. Bismarck believed that because of the loss of Alsace-Lorraine, France was planning for revenge. Acting upon this belief, Germany built up an army, sought alliances with Austria-Hungary and Italy, and pursued a foreign policy, especially in Morocco, which eventually led to war. In return, democratic France made an alliance with autocratic Russia and later entered into an "understanding" with England.

In certain respects the problem of Britain was more difficult than that of France. The small island kingdom supported a population of 41,600,000, to acquire food for which it exported vast quantities of goods, made investments of capital in undeveloped countries, and carried on shipping enterprises throughout the world. England's existence depended upon foreign trade. As a matter of fundamental self-interest, it was England's policy before the war—and still is—to support the economic open door and freedom of trade at home and abroad. To prevent con-

tinental powers from gaining a predominance which would threaten the political or the economic security of the British Empire, England followed the policy of maintaining a Balance of Power. She aimed to prevent one state or group of states from dominating or threatening to dominate another. Thus she favored Russia and France as against the Central Powers before the World War, and she entered into an alliance with Japan in 1902. In order to keep the seas free for British trade, so essential to England's existence, the British Government for a time attempted to maintain a Two-Power standard navy—a navy stronger than the combined strength of her two closest rivals.

Pre-War Russia

The situation of the two Eastern Empires—Russia and Austria-Hungary—was more complicated. Russia had the largest population of any state in Europe—178,000,000 in 1914—and it was increasing rapidly. There was, however, little over-population because of the vast expanse of the Russian Empire—an Empire which fringed the Arctic and the Baltic Seas, which stretched a far arm out to the Pacific. It covered a seventh of the land surface of the globe. Although there was little industrial activity in the country, Russia was important and remains important in the trade of the world. She led in the production of flax and in the timber trade; she was second in wheat. In fact Russia was the granary of Europe. The country was also rich in oil and other mineral wealth. Unexploited wealth and unlimited human resources give to Russia the economic possibilities of the United States. A potential

storehouse of energy, Russia made the rest of Europe afraid.

Ninety per cent of the people of Russia were peasants living on the land. Despite the attempted reforms of Stolypin, the peasants eked out a miserable existence. They were victims of poverty, of famine, of ignorance, of superstition and of vodka. Many historians point out that the peoples inhabiting Russia resemble Orientals more than they resemble Westerners. While Peter the Great at the end of the seventeenth century succeded in westernizing the cities of Saint Petersburg and Moscow, the empire as a whole kept to its traditional ways, little touched by western influence. At the same time, a highly intellectual élite arose in the great centers—an élite which has given to the world some of the greatest literature and music.

Russia housed one of the most high-handed and incompetent autocracies in Europe. It was headed by a Tsar, who was also high priest of the Orthodox Church. He was surrounded by a wealthy nobility, which preyed on the peasant population, and by a military clique which gloried in war. Oppression and extortion were the real mottoes of the Tsarist Government. In 1897 there were 300,000 prisoners living on the frozen steppes of Siberia. The tyranny of the Tsars helps to explain the tyranny of the Bolsheviks to-day. Rulers change, but the methods remain.

This policy of the Tsar had its inevitable reward. The first protests came from a group of young intellectuals who were so few in number and who faced such desperate odds that they resorted to extreme methods. Nihilists, anarchists, terrorists, all sooner or later came to rely upon assassination and secrecy as the only effective weapons.

Alexander II met his death at the hand of an assassin in 1881. Socialism seized upon the people.

When the weakness of the Tsarist administration was so cruelly demonstrated by the Russo-Japanese War in 1904-1905, the people rose in 1906 and forced the terrified Tsar to grant them a *Duma*—a parliament. But its original powers were soon restricted, and it became of little value. Of much more influence than the *Duma* at the outbreak of the war was a sensuous priest by the name of Rasputin who had come to maintain an uncanny influence over the Tsarist court.

The situation was made worse by conflicting nationalities. Of the 178,000,000 people within the empire, two-thirds were Slavs and these spoke three distinct dialects. Great Russian was the language of the vast majority. The White Russians were a comparatively small number of people in the western part of the Empire; about 26,000,000 Little Russians, the so-called Ruthene or Ukrainian people, lived along the southern border. These last had a national consciousness of their own, and they attempted to establish a republic of the Ukraine at the end of the World War.

Of the non-Russian peoples, the most important within the Empire were the Poles. The partitions of 1772-1795 had given to the Tsar about seven and a half million Poles, together with the ancient capital of Warsaw. The Poles were intensely nationalistic and hated the Russians. Predominantly Roman Catholic, they persecuted the Jews with whom they were obliged to live.

Around the shores of the Baltic were grouped other non-Russian peoples, subjected to the rule of the Tsar, but animated by a national consciousness and a desire to be free.

The first were the Finns, a sturdy race of Asiatic origin, who until 1809 had had a kingdom of their own, but who had allowed it in that year to become merged with the Russian Empire, although on an autonomous basis.

Between Finland and Poland lay other peoples, the Letts, the Lithuanians, the Esths, people likewise having a desire to be free. Most of these people were under the economic mastery of German barons who had settled there in the Middle Ages, while all of them were under the political mastery of the Tsar. In the Caucasus, in the southeastern corner of Russia, were other non-Russian peoples, such as the Georgians, the Armenians and the Tartars, who also were inclined toward independence.

Thus one-third of Russia's population was non-Russian, speaking different languages, cherishing individual national traditions. The policy of the Tsars was not to tolerate and conciliate these differences but rigorously to suppress them in the name of "Russification." Decree after decree suppressed all the liberties of the minorities and attempted to compel the latter to learn and use Russian to the exclusion of their own languages. Local assemblies were extinguished and few of the non-Russian peoples were given places in the central administration. The most extreme treatment was meted out to the Jews, of whom Russia contained a larger number than any other country in the world. Jews could not acquire land and only a limited number were allowed to enter the universities. In 1890 the Tsar obliged all Jews to move into segregated districts "within the pale." Excluded from government office and from work on the soil, the Jews went into petty trades where they attracted the hatred of the peasant classes. Russian officials

encouraged popular uprisings against the Jews, pogroms which were marked by wholesale plunder and massacre. In a single year 300,000 Jews emigrated from the Empire because of this treatment.

The writers and statesmen of Russia spoke of the glory of the Slav or Russian race, and demanded that all Slavs, even those found in the Austro-Hungarian Empire and in the Balkan peninsula, should be united under the "Little Father," as the Tsar was often called. The Tsar's court craved expansion for the sake of power, to satisfy a racial nationalism and to obtain an ice-free port. It was this latter motive, among others, which led Russia for centuries to cast a covetous eye upon Constantinople. In foreign hands the ice-free port of Constantinople was a potential menace to the Russian grain trade of the Black Sea.

Moreover, the basis of existence in Russia was extensive instead of intensive. Few modern factories existed, industrial methods were antiquated and even agriculture was primitive. Instead of developing the vast latent resources of the Empire, the Tsar's advisers demanded the acquisition of new territories lying beyond the existing frontiers. Thus Russia pushed across the steppes through Siberia to the Pacific, where she met the disastrous opposition of Japan in the war of 1904-1905, and pressed southward toward the Balkans, where she met the equally disastrous opposition of Austria-Hungary and of the German Empire.

The States of Central Europe

Turning to the Dual Monarchy of Austria-Hungary, we find that in 1914 it embraced a vast area of 260,000

square miles extending from the Alps to Transylvania and south to the seaports of the Adriatic. For seven hundred miles the Danube flowed through its territory, linking western Europe with the south and the east. The chief virtue of this Empire was that it fostered free trade between a large number of racially divergent peoples. Historically, it had been a bulwark against the encroachment of the Turks after their capture of Constantinople in 1453.

Austria-Hungary was a racial medley. Out of a population of 51,300,000 there were only 12,000,000 Germans. The largest race, numerically, was the Slav, which numbered 24,250,000. These were divided as follows:

Northern Slavs	8,500,000	Czechs and Slovaks
	5,000,000	Poles
	4,000,000	Ruthenians
Southern Slavs	5,500,000	Serbo-Croats
	1,250,000	Slovenes

In addition to these Slavs there were 10,000,000 Magyars, or Hungarians and 4,000,000 Rumanians and Italians.

Before 1867 Austria and Hungary were independent of each other. In that year the two states signed the *Ausgleich,* or Compromise, in which Franz Josef of Hapsburg assumed the joint title of Emperor of Austria and King of Hungary. Each state continued to have its own parliament. The German minority dominated Austria and a Magyar minority continued to dominate Hungary—not only in politics but in the ownership of land. The majority of the people were peasants at the mercy of their overlords. In 1910 only eight out of the 413 deputies in the Hungarian parliament were non-Magyars.

Because of its racial composition and of the supremacy of a German and Magyar minority, the Empire seethed with unrest and instability. A Russian ferment was at work among the Slavs. Rumanian and Italian influence was similarly at work among expatriates under Hapsburg rule. The Serbs and the Croats and the Slovenes agitated for union with the little state of Serbia. The Czechs in the north nourished the thought of a restored Bohemia. The ideals of self-determination and of nationality thus seized hold of the entire Empire. The more stern and intolerant were the masters, the stronger, the more fanatical did the demand for independence become.

Because of the racial composition of her people and her strategic situation, Austria-Hungary lived in constant fear of her neighbors. She feared Italy because Italy, like herself, had shown a desire to control the Adriatic. She feared Russia because of Pan-Slavism. Should Russia establish her predominance in Constantinople and in the Balkans, Austria would lose the southern Slavs. She feared, moreover, that Russia would work to deprive her of the northern Slavs and Ruthenes. The real contest in Europe before the war was between Russia and Austria-Hungary. The tragedy of the situation was that Germany, France and England were drawn into the contest, thus converting a local into a world-wide war.

Between these almost medieval empires of Russia and Austria-Hungary and the more modern governments of England and France, lay the relatively newly created German Empire. Culturally the people of Germany had reached an advanced position. But for a variety of reasons they had lagged politically. It was only in 1871 that Bis-

marck, by a policy of "blood and iron," succeeded in welding a mosaic of petty states together. Germany now became a federation of twenty-six states having a miscellany of governments. Four of them were kingdoms, six were grand duchies, five were just ordinary duchies, seven were principalities, and there were three city republics. The states in this federation were by no means equal. The Junker state of Prussia, having two-thirds of the population of the Empire, dominated them all. The King of Prussia was also the German Emperor. Out of the 61 seats in the Bundesrat, the upper branch of the German parliament, 17 were held by Prussia. The latter had an absolute veto on laws affecting the army and navy or tax reduction, and could block any constitutional amendment. There was, it is true, a Reichstag composed of 397 members elected by the people; but it had little control over the Emperor, the Imperial Chancellor or the German military machine.

In bringing about the unification of Germany, Bismarck came into conflict with his neighbors. It was he who fought the war of 1871 with France. Imitating the earlier example of Louis XIV, he took Alsace-Lorraine. He believed these tactics were necessary to prove that Germany was a great power. Moreover, German population was increasing and German industries, driven by unequalled discipline and efficiency, produced commodities in excess of what could be consumed at home. Bismarck and his followers looked abroad for foreign markets—markets which could become a monopoly for German business men. Finding the tropical market already divided between France and England, they nevertheless managed to obtain several colonies in Africa, and then turned their attention to the Near East. Once

political influence was established over the Balkans and Turkey, trade would follow. These countries had mines to be exploited and railways to be built. Under German influence, these countries would give concessions to Germans for such exploitation. German capital would have an outlet for investment and the Near East would buy large quantities of German goods.

The enemies of German expansion were England, Russia and France. England demanded these markets as fiercely as Germany. Russia would tolerate no power which threatened to thwart her desires for Constantinople. France had her hands on the throat of the Sultan of Morocco, and despite the efforts of Germany, culminating in the Algeciras Conference of 1906, declined to let go. Germany challenged England by a policy of naval construction; she challenged France by building up a highly efficient army; she challenged Russia by entering into an alliance with Austria-Hungary and Italy in 1882.

This alliance was met by a strange union—that of autocratic Russia and democratic France, who made an alliance in 1892. For a time England, engaged in colonial quarrels with France, hesitated as to which way to jump. Finally deciding that a policy of isolation was impossible, she timidly cast her lot with France. The *entente cordiale* formed in 1904 gradually and secretly ripened into an alliance. Thus Germany soon created enemies abroad who threatened to "encircle" her. The German Government also made enemies at home. It oppressed the inhabitants of Alsace-Lorraine and attempted to Prussianize the Polish peasants in the north. It was likewise confronted by internal demands for more self-government.

Europe on the Eve of Conflict

Meanwhile, the air was charged with intrigue and rumors of war. In Russia and in Germany military cliques dominated the governments, demanding opportunities to prove their military prowess. In Germany a whole school of writers headed by Nietzsche, Treitschke and Bernhardi proclaimed the superiority of Germany and preached a doctrine of force. Nationalist orators elsewhere waxed strong. Every large government in Europe became engaged in a see-saw process of checking the moves of the enemy. The struggle for influence in the Balkans and the Near East, which gave to the whole of Europe an immediate interest in the first and second Balkan Wars, was accompanied by naval competition and conscription laws. The whole atmosphere was saturated with war sentiment—the whole system made war inevitable. And the war finally came.

Historians will probably argue until Doomsday over the question of who started the war. There was no attempt to answer this question impartially during the course of hostilities nor at the Paris Peace Conference. Both sides claimed that they were fighting a war of defense. Both sides claimed that they had divine sanction for their cause.

One writer states, "So great are the psychological resistances to war in modern nations that every war must appear to be a war of defence against a menacing, murderous aggressor. There must be no ambiguity about whom the public is to hate. . . . Guilt and guilelessness must be assessed geographically, and all the guilt must be on the other side of the frontier." [1]

[1] Lasswell, H. D. *Propaganda Technique in the World War*, p. 47.

We shall not attempt to assess the responsibility for causing the World War, except to express the profound conviction that it grew out of an international system to which all the great states of Europe were party. There are however certain facts which stand out.

On June 28, 1914, Archduke Franz Ferdinand, heir to the Hapsburg throne, was murdered in the town of Serajevo (Bosnia). Nearly a month later, on July 23, the Austrian Government delivered an ultimatum to the Serbian Government, charging that the Archduke had been murdered for political reasons by the Serbs and making demands upon Serbia not only to express its regrets but to take steps against "every publication which shall incite to hatred and contempt of the Monarchy." Serbia must consent to every demand without any reservations within forty-eight hours. Count Berchtold of Austria said, "We cannot consent to any negotiations whatever with Serbia about our demands." Serbia consented to the ultimatum but with reservations which Austria found unacceptable.

As early as July 5, Germany had given approval to the Austrian ultimatum. On July 26 the British Government proposed to hold a conference on the matter, but on the next day Berlin refused to participate, although Rome and Paris accepted. The following day Germany underwent a "reversal of policy." It now placed the British mediation proposal before the Austrian Government. While Austria first declined the proposal, the German Emperor made a personal effort which reopened negotiations. As a result conversations between Vienna and St. Petersburg were entered into. On July 28 Austria declared war on Serbia; but even then the war might have been localized except

for the mobilization of the Russian army. British, French and American historians seem to agree that this mobilization which took place—apparently against the wishes of the Tsar, who was in communication with the Kaiser—really precipitated the World War.[1] Russia had been encouraged in this action by the previous assurances of President Poincaré that France would live up to its obligations under the alliance of 1892.

On July 31 Germany sent an ultimatum to Russia demanding that she cease mobilization. At the same time she sent an ultimatum to France asking if France intended to remain neutral in a Russo-German war. On August 1, both Germany and France decreed general mobilization, but France made the famous decision to keep her troops ten kilometres back from the German frontier—a decision adhered to for three days. On the same day the German Government declared war on Russia. On August 3, Germany declared war on France. On August 4, Germany declared war on Belgium and invaded her territory, despite the fact that she had promised in a treaty of 1839 to guarantee Belgian neutrality.

The violation of Belgium's neutrality was made the occasion for England's entrance into the war against Germany. These were the major factors in a tragic plot. Other nations were gradually drawn in.

The World War thus originated with Austria-Hungary's demands upon Serbia. Austria believed that unless the murder of the Archduke was made an example, the southern Slavs, backed by Russia, would revolt and destroy the

[1] Ward and Gooch. *The Cambridge History of British Foreign Policy,* Vol. III, p. 499. Renouvin, P. *The Immediate Origins of the War,* Chap. XI. Fay, S. B. *The Origins of the World War,* Vol. II, Chap. XII.

Hapsburg Empire. There is a good deal of evidence to show that the Serbian Government aided an expansionist movement which was aimed at Austria. Between revolution and war with Russia, Austria chose war. Had Germany acted promptly, she could probably have headed off Austria's insane action. When Germany finally attempted a conciliatory policy, matters had gone too far. It should have been possible to localize the war between Austria-Hungary and Russia. Had England and France discouraged Russia from carrying out her general mobilization, Germany would probably not have intervened. But alliances are of such a nature that one party can act as a brake on the other party only with the greatest difficulty, as the case of Germany and Austria and that of Russia and France both showed. Finally, if England's position had been known from the first, the war probably would not have become general. England did not make her offer of mediation and conference until three weeks after the murder at Serajevo. Germany did not believe that England, plagued with the Irish question and other troubles, would actually come into the war. Thus every government's responsibility was involved, if in different degrees. While governments were responsible, the innocent suffered. None of the peoples of Europe themselves wanted war.

As for the invasion of Belgium, this was an offense of the German military staff. The diplomats paved the way for the war, but the military cliques which dominated the Russian and the German Governments took control in the last moments, hastening the process. The German Chief of Staff, von Moltke, believed in an offensive on the west against the French army across Belgian territory. Treaties

were mere "scraps of paper." The Russian army was unwieldy; and as every day counted, the Russian General Staff urged the Government to order a general mobilization in order to be prepared for the enemy. Military advantage urged the French also to mobilize. The most disquieting features of the recent revelations in regard to the origin of the war are the divisions, quarrels, and overlapping of the civilian and military elements in both the Russian and the German Governments. Despite their autocratic positions, neither the Kaiser nor the Tsar seemed to have, in the last few days, any more control over these fateful events than did the nominally powerless President of France or King of England. From the technical standpoint, Russia precipitated the war—hers was the first government to order a general mobilization. Technically the first to declare war, Austria and Germany were the aggressors. But this is no test of aggression—by clever manipulations Bismarck induced Napoleon III to declare war upon Germany in 1870. The German diplomats attempted to induce France to do the same thing in 1914 but failed. The real responsibility lay deeper than mobilization, it lay deeper than declarations of war. It lay in the European system which was built upon a conviction of war's inevitability.

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CHAPTER II

THE TREATY OF VERSAILLES

During four dark years Europe was divided into two warring camps. Russia was the first country to break under the strain. In March 1917, the Tsar Nicholas II abdicated the throne and the whole Imperial structure collapsed like a house of cards. The Bolsheviks concluded a humiliating peace with Germany, and the Entente was deprived of an ally. The Allied situation would have been desperate except for the entry of the United States into the war almost at the moment of Russia's withdrawal. The prospect of American aid on the Western front revived Allied morale, while the stirring idealism of President Wilson brought fresh courage to all the Entente peoples. It is impossible to say whether the Allies would have lost the struggle had the United States not intervened, but it seems certain that the end would have been postponed and the victory would not have been complete. The United States brought to the Allies vast material resources, but it also brought the vigor of its own ideals. While the Germans demonstrated amazing efficiency and discipline, the idealistic factors proved decisive.

The first rumblings of revolution were heard in Germany as early as 1917. In a belated attempt to placate the people, the government during the following year enacted

reforms which reduced the Kaiser's power. But they availed nothing. Disillusionment had spread among the masses, weakened by famine and borne down by the burdens of prolonged conflict. The German General Staff was obliged to admit defeat. Germany sued for peace and an armistice was declared on November 11, 1918—one of the famous dates of history. During the late summer, peace had been made with Germany's allies—Austria-Hungary, Bulgaria and Turkey.

The war which now ended had been the most terrible in all history. It had snuffed out the lives of at least 10,000,000 men; it had maimed and wounded 20,000,000 more. Pestilence and privation due directly to the conflict had brought death to 10,000,000 civilians. The war left behind it 9,000,000 orphans, 5,000,000 widows, 10,000,000 refugees. It cost the tremendous sum of 9,000,000 dollars an hour. It was difficult to see what good the war had accomplished, as victors and vanquished alike were impoverished and the peoples of all Europe were demoralized. The four years of strife had not even relieved the population pressure—a favorite argument of the Malthusians. It had wiped out of existence millions of people, but it had also wiped out a disproportionately large amount of capital upon which the remaining population depended for subsistence. The history of the last ten years will show to what extent the war advanced the ideals of self-determination, democracy, and international conciliation over the forces of oppression and tyranny.

In the Armistice of November 1918, Germany did not surrender unconditionally. Some people have argued that this was a mistake;—the Allies should have carried the

war to Berlin in order to bring Germany completely to her knees. But later events showed that the Allies were not in a position to shed the new blood which any such expedition would have required. If they had reached their goal, they would have imposed in all probability a treaty even more Draconian than the Treaty of Versailles, and the realization of lasting peace would have been still further delayed.

The real strength of the Allied cause during the last year of the war lay in the idealism aroused among the peoples of all countries by the speeches of President Wilson. Mr. Wilson did not believe in a peace of revenge, in a peace of militarism or of mutilation. He wished to see an international society established in which nations would settle their difficulties amicably, and in which all peoples could live undisturbed. He did not believe that international antagonisms were inevitable—he believed that in their hearts peoples were friendly, honest and fair. He stood for democracy and for the rights of small nations. He believed that autocratic rulers should be overthrown and that representatives of the people should sit in the high places. Scheming diplomats and militarists had sown the seeds of war in the past; these once dethroned and the people placed in power, he believed peace would follow. In an address of February 11, 1918, Mr. Wilson declared, "People are not to be handed about from one sovereignty to another by an international conference or an understanding between rivals and antagonists. National aspirations must be respected. . . . This war had its roots in the disregard of the rights of small nations. . . ." Peace should be drawn up on a basis of the wishes of the people and not upon the basis of material interest.

In the most famous of all his messages to Congress, on January 8, 1918, President Wilson laid down his Fourteen Points, which called for open diplomacy; absolute freedom of the seas in peace and war except as closed by international action; the removal of economic barriers; adequate guarantees that national armaments would be reduced; an open-minded adjustment of colonial claims in which the interests of the populations concerned would be given equal weight with the equitable claims of governments; the evacuation of Russia; the liberation of Belgium; the restoration of France; the readjustment of the frontiers of Italy along the lines of nationality; the autonomous development of Austria-Hungary and Turkey; the realignment of the Balkans on an ethnic basis; the establishment of an independent Poland; and the formation of a League of Nations.

Allied airplanes distributed translations of President Wilson's speeches behind the German lines, where they gradually seeped into the consciousness of the German people. If the Fourteen Points were to be the terms of peace, Germany would surrender,—such was the proposition of the German Government to Mr. Wilson in a note of October 4, 1918. After negotiations among themselves, the Allies agreed to make peace on the basis of the Fourteen Points, with certain exceptions in regard to the freedom of the seas and reparation.

While the Allies thus accepted the Fourteen Points as the basis of the coming peace conference, and while Allied statesmen had paid lip-service to Wilsonian ideals, subsequent events showed that this support was likewarm, if indeed it existed at all. Between 1915 and 1917 the Allies

had concluded a series of secret treaties dividing among themselves the anticipated spoils of war. England and France agreed that Russia could annex Constantinople and the Straits. Had this agreement been carried out Russia would have become supreme in the Near East and the Balkans, and been master of the Aegean and the Black Sea. In return Russia recognized British interests in Persia, Mesopotamia and Egypt. A few weeks later, on April 26, 1915, the famous Treaty of London was signed. In this treaty Italy was promised the Trentino, and the southern Tyrol—territory belonging to Austria and inhabited largely by Germans—which Italy was anxious to acquire for strategic and economic reasons. The treaty likewise promised Italy the best ports on the eastern Adriatic except Fiume—territory populated for the most part by Slovenes —and it promised her the Dodecanese Islands, inhabited by Greeks, together with the Albanian city of Valona and a protectorate over Albania as a whole. Certain colonial compensations were also to be made to Italy in case any such spoils fell to the other Allied Powers, and she was entitled to share in the division of Turkey. An agreement similarly marked out Alsace-Lorraine and the Saar valley for France and provided for an independent Rhineland. On August 18, 1916, the Allies negotiated a secret treaty with Rumania, promising her hundreds of square miles in Austria-Hungary, including the Banat, Bukovina and Transylvania, inhabited by thousands of non-Rumanians. In a secret agreement of February 16, 1917 Japan was allotted the German colonies in the Pacific, north of the equator, together with Germany's rights in the Chinese province of Shantung, while the British Empire was prom-

ised the German islands south of the equator. Secret understandings likewise divided up the Near East between France and England, and parcelled out the German colonies in Africa. By these acts the Allies showed that they were as covetous of territory as were their German opponents.

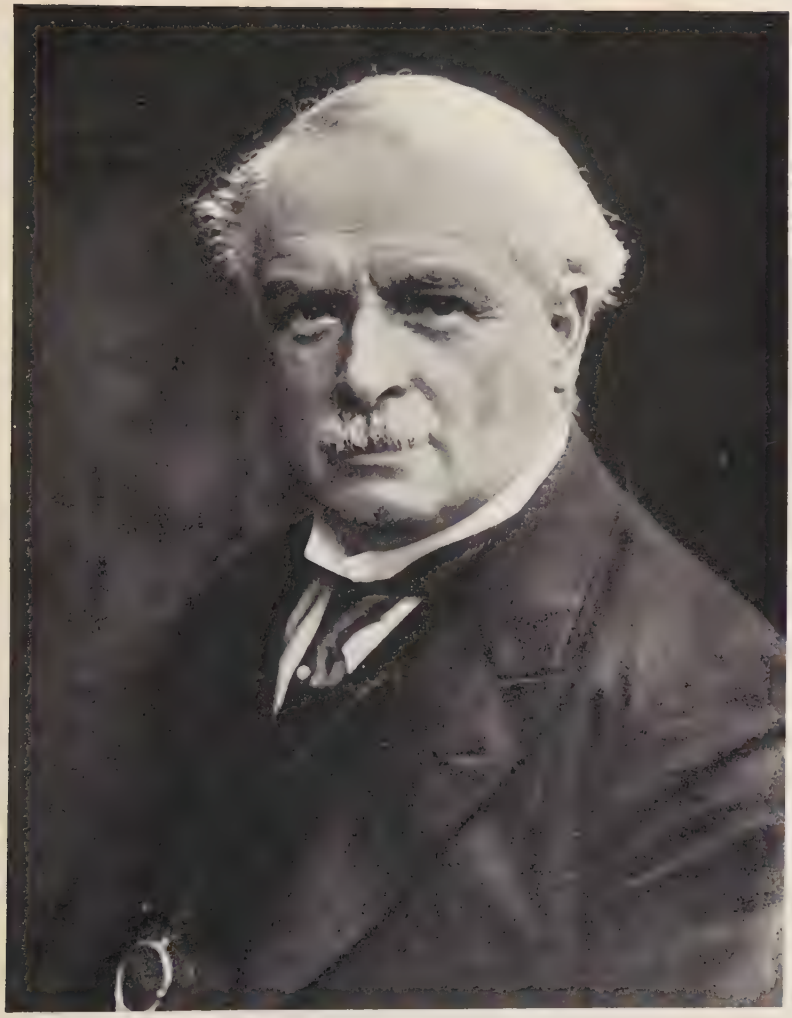
During and preceding the Peace Conference, French publicists and statesmen did not hide their desire to mete out drastic punishment to Germany—partly in a spirit of revenge, partly to render Germany powerless in the future. The one underlying belief of the French people during the war was that terms should be imposed upon Germany at the end of hostilities which would eliminate forever the menace of another German attack. France had been taught her history well, and remembered the invasions of the past. She remembered the year 1815 and the attempts of Prussia and other states, angered at the colossal impudence of Napoleon Bonaparte, to keep France in a state of permanent subjection. She remembered the struggle with Germany in 1870-71 and the peace terms by which Germany deprived her of Alsace-Lorraine and obliged her to pay an indemnity of five billion francs. Above all she kept fresh the memory of the invasion of 1914. In view of the past, it was entirely natural that at the close of the World War, France should have demanded military and territorial guarantees against another attack.

These invasions of France had invariably come from across the Rhine. Germany had been the traditional enemy. During the World War some French writers went to the extreme of advocating the complete destruction of the German Empire and its division into the small independent

states from which it had been formed in 1866-71. Others, among them Marshal Foch, demanded that France should annex the left bank of the Rhine, thus depriving Germany of a strategic approach to French territory. Some publicists suggested that the Rhineland should be detached from Germany and set up as a Cis-Rhenish State—an idea sanctioned in the secret agreements. Frenchmen also demanded that Germany be deprived of the territory upon which her industrial greatness depended and that she be rendered permanently impotent. Finally, the French demanded an iron-clad military alliance between the Allies which would guarantee immediate help to France against a future German attack. And if a League of Nations were established, the French demanded the creation of an international army, under the control of a League General Staff, which would immediately strike down an aggressor nation—any state which attempted to upset the *status quo.*

France based this kind of peace upon belief of her people in Germany's implacable hatred. Germany was the largest state in Europe, outside of Russia. France had a population of roughly 39,000,000, which was static; Germany had a population of 65,000,000 which was increasing at the rate of several hundred thousand a year. Unless supported by allies, France feared—and still fears—that eventually she would be overrun.

Georges Clemenceau, French Premier at the time of the Conference, was the embodiment of the French demands. He had been the *enfant terrible* of French politics—notorious for his denunciation of injustice and ineptitude. Assuming the premiership in November, 1917, he injected new vigor into the prosecution of the war. He had lived



GREAT BRITAIN'S WAR PREMIER

David Lloyd George

through the days of the Paris Commune, and retained a hard and skeptical view of Germany. Maturing age—he was 77 in 1918—had deepened his cynicism. Intransigeant in his stubbornness, he was wholly unimaginative as far as Franco-German relations were concerned. In his opinion, force was the only satisfactory basis of peace.

The British were not, perhaps, as vindictive as the French. While thousands of Britishers had laid down their lives during the war, England had not been devastated as had France. Yet in one sense, England had her own "devastated regions" in the markets of the world upon which she depended for her life and which had been badly shattered by the war. Before 1914 Germany had been one of England's best customers. It was to Britain's interest to revive Germany and make her a good customer again. France, on the other hand, as an agricultural country relatively independent of foreign trade, did not wish Germany to become a strong industrial power because this would make her, in French eyes, a military menace.

For the time being, the eyes of the British public too were blinded to the advantage of a restored Germany and they, together with other Allied peoples, including thousands of Americans, cried out for revenge. Lloyd George, the British Prime Minister, a canny Welshman who was more politician than statesman, believed it was advantageous to encourage this feeling in order to retain his power. In the so-called "Khaki" elections of 1918, Lloyd George promised that he would "hang the Kaiser" and squeeze the Germans "until the pips squeaked." When he showed signs of weakening under the Wilsonian influence

at Paris, he received a telegram signed by 370 members of Parliament demanding that he stand by his election pledges.

Thus the state of Allied opinion was in marked contrast to the views proclaimed by President Wilson. Before sailing for Paris he believed that he had won over both victor and vanquished to his principles of a just peace. Both Germany and the Allies had agreed to the Fourteen Points as the basis for the armistice and the subsequent peace treaty. But subsequent events proved that the Allies had not really accepted the principles inspired by the Fourteen Points. M. Clemenceau was frankly hostile; Mr. Lloyd George was unreliable. President Wilson found himself in Paris, a lone man, struggling against the astute and experienced politicians of the great powers of the world. The result was a compromise.

The Story of the Paris Conference

The Peace Conference opened on January 18, 1919. Russia was not present nor were Germany and the other defeated powers. But all the Allied Governments, great and small, were on hand, each hungry for the spoils.

Negotiations continued throughout the dreary months of the winter and well on into the spring. The range of subjects discussed in 1,600 meetings of the technical commissions covered virtually every corner of the world. The final treaty with Germany contains 440 articles and fills a large-sized book. It is a document which draws new boundaries in Europe, and which deals with the most technical economic, industrial and legal matters concerning

not only Germany but most of Europe and a vast part of the non-European world. A monument of human energy, it is a striking illustration of the tremendous mechanism of the world in which we live.

In this struggle between the ideals of President Wilson and the demands of the Allies, many spectacular events occurred. Having reached a virtual impasse on the Saar question, President Wilson threatened to leave the Conference. In April 1919 he served an ultimatum on France and actually ordered the *George Washington* to be in readiness to take him home. But the crisis passed and the semi-official *Temps* announced that France had no annexationist pretensions in regard to any territory inhabited by a German population. France compromised. In the same month a second crisis developed over Fiume, the valuable seaport at the head of the Adriatic, which Italy had demanded. President Wilson said "No"—and his answer was final. Apparently with the approval of Lloyd George and Clemenceau, he issued a strong appeal to the people of Italy, over the heads of the Italian diplomats, urging Italy to exhibit "that noblest quality of greatness, magnanimity,—the preference of justice over interests." Orlando, the head of the Italian delegates, promptly left the Conference and while the Italian representative later returned, the Italian people flouted Mr. Wilson's appeal and demanded the seizure of Fiume, Conference or no Conference. That adventurous poet, Gabriel d'Annunzio, denounced Wilson and sensationally captured the forbidden city. The Fiume question remained unsettled for nearly five years, when eventually Italy got her way.

Finally, a third crisis was caused by Japan. Invoking the

secret agreement signed during the war, the Japanese stood adamant in their demand for the German rights in the Chinese province of Shantung. President Wilson declared that these rights should be returned to China, but the Japanese were obstinate. This time it was Wilson who gave way, but only after having received the promise that Japan would eventually give back Shantung to China. This promise was carried out at the Washington Conference in 1922.

After four months of tiresome labor, the peace treaty was finally completed. In April the Allies informed Germany that the verdict had been prepared. On May 7, the statesmen of all the Allied and Associated Powers gathered in the Hall of Mirrors at the Palace at Versailles—the same hall where Wilhelm I and Bismarck had imposed the treaty of 1871—and handed a copy of the draft treaty to the German representative, Count Brockdorff-Rantzau. In a speech lasting only two minutes Georges Clemenceau gave the Germans two weeks to study the treaty, making it clear that the Allies had taken the necessary precautions that the peace should be a lasting one. In other words, Germany must sign. The Germans should have been awed. Not so Count Brockdorff-Rantzau. Keeping his seat—Clemenceau had risen—the Count stated that the power of the Germans had been broken. He denounced the "passionate demands that the vanquishers may make us pay"; he denied that the Germans alone were guilty of causing the war. The Allied blockade, he said, had killed many non-combatants since the armistice. This untimely outburst made the Allied representatives furious. The Treaty of Versailles had an inauspicious birth.

After a hurried study of the treaty, the Germans finally presented to the Allies some "observations" in which they argued that the proposed treaty did not live up to the Fourteen Points and the pre-armistice agreement—the supposed basis of peace. As a result of these observations a few minor changes were incorporated in the text. But the Allies still feared that Germany would not sign the treaty, and on June 20 they ordered General Foch to march his troops into Germany if acceptance was not received in three days. At the last minute the Germans capitulated. "Yielding to overwhelming force, but without on that account abandoning its view in regard to the unheard-of injustice of the conditions of peace," the German Government declared its willingness to sign. On June 28, at another solemn gathering in the Hall of Mirrors of the Palace at Versailles, the treaty was signed.

On the same day General Smuts, the statesman from South Africa, wrote, "The promise of the new life, the victory of the great human ideals . . . are not written in this treaty." He believed that the League of Nations, established by the treaty, would be the only path of escape.

Effects of the Treaty of Versailles

After bitter discussion the German Reichstag ratified the treaty and it became the law of Europe on January 1, 1920. It was not a treaty of negotiation, or a product of mutual consent. It was a treaty imposed by Allied might upon a defeated and humiliated power. Parts of the treaty did attempt to put into force the principles of Mr. Wilson, as in the case of Alsace-Lorraine and Poland, and the

plebiscites in certain disputed territories. But in other cases Wilsonian principles were applied only in part or when they worked to Allied advantage, as later chapters will show.

The treaty as a whole was intended to reduce Germany from her former position of military and industrial supremacy to the status of a minor power. The eastern part of Poland was carved from the state of Prussia; France won back Alsace-Lorraine. Altogether the treaty deprived Germany of 8,000,000 people, or about 12 per cent of her pre-war population, 13 per cent of her territory in Europe —25,000 square miles. She was also deprived of all of her colonies in Africa and the Pacific and of her interests in China. The colonies had an area of a million square miles and a population of 12,000,000 people. They supplied Germany with a fourth of the rubber which she consumed, in addition to many other raw materials.

At Paris the Allied Governments at first sought to annex the German colonies. But as a result of President Wilson's stand, the curse was partially removed from annexation by placing these colonies under the eyes of the Mandates Commission of the League of Nations, which, in theory, pledges the colonial powers to follow out the principle of trusteeship; that is, in administering the mandates they must place native interests above outside interests. Nevertheless the establishment of the mandate system did not remove the sting which the loss of these colonies caused in Germany. In depriving Germany of her overseas territories, the Treaty of Versailles implied that Germany, alone of the great powers, was morally incompetent to administer them. This was one of the many instances in which the

treaty attempted to pass a moral judgment upon the German people which they bitterly resented.

At the Peace Conference the French struggled to annex the Saar. This valley has an area of about 700 square miles, is rich in coal, and has a German population of about 650,000. Rather than give the Saar outright to France, Woodrow Wilson threatened to leave the Conference. A compromise was finally reached whereby the Saar was at least temporarily taken away from Germany and turned over to a League of Nations Commission which administers the territory, supposedly for the benefit of the local inhabitants. In order to compensate France for the destruction of the mines in the north of France and as part payment on reparation, the Saar mines were placed in French hands. After fifteen years, or in 1935, a plebiscite is to be held to determine whether the local population wishes to remain under the League régime, or be united with either France or Germany. In the latter case Germany will be obliged to buy back the mines.

In the years following the war, France did its utmost to dominate the Saar and thus pave the way for a plebiscite favorable to herself in 1935. It maintained a large number of troops in the area, acquired important economic interests, and for a time dominated the Saar Commission, which was supposed to be international. Naturally the Germans came to believe that the Saar régime was disguised annexation. French policy toward the Saar was one factor causing irritation between the two nations.

Moreover, the peace treaty struck at the German economic system. Before the war this system rested upon foreign investments and a strong merchant marine, upon the

exploitation of great coal and iron resources in Germany, and upon the industries which had been founded upon these resources. The peace treaty deprived Germany of her merchant marine. She was obliged to hand over to the Allies all her vessels of more than 1,600 tons and certain other smaller vessels. She was even obliged to build, if required, 200,000 tons of shipping annually for the Allies during a period of five years. The treaty virtually confiscated all German private property abroad, whether in colonies or in foreign territory. This property could be seized and sold and its proceeds debited against German debts and Germany's reparation account.[1] Germany was supposed to compensate its nationals thus injured and did so to a certain extent. The Germans claimed that this part of the treaty dealt a dangerous and immoral blow at the security of private property. All German interests in concessions in Russia, China, Turkey or parts of Europe had to be handed over to the Allies if the Reparation Commission requested it.[2]

Of even greater importance, the treaty vitally impaired Germany's strength in coal and iron. Germany had been the owner of rich coal fields in the Ruhr, Upper Silesia and the Saar. It was by means of these resources that Germany had been able to develop steel, chemical and electrical industries which made her the leading industrial nation in continental Europe.[3] The treaty, as we have seen, took away from Germany the coal mines of the Saar. France wanted this coal so as to work the rich iron mines in Lorraine which she had now recovered. The treaty also took

[1] Art. 297.
[2] Art. 260.
[3] Keynes, J. M. *Economic Consequences of the Peace*, p. 82.

away from Germany a large part of the hard coal output of Upper Silesia and handed it over to Poland. The loss of the mines of these two areas reduced German coal production by one-third. Out of her remaining resources the treaty obliged Germany to deliver to France for a period of ten years an amount of coal large enough to make up for the coal destroyed in the devastated regions during the war, and not to exceed 20,000,000 tons annually for the first five years and 8,000,000 tons for the next five years. Finally as part of the general reparation payments, Germany was asked to hand over to different Allies about 25,000,000 more tons a year. These demands were made with little regard to the necessities of German industry. The Allies later were obliged to reduce them.

Finally, the treaty reduced Germany's iron supply. Almost 75 per cent of Germany's iron before the war came from Alsace-Lorraine, which was now returned to France. But the furnaces which manufactured this iron into steel remained for the most part in Germany. The establishment of a tariff barrier between Germany and France disorganized this industry, both in Lorraine and in Germany; and after the passions of war had subsided both Germans and French realized that economic cooperation between the two nations was imperative if they were to live.

Moreover, the treaty brought to an end the commercial agreements under which Germany could trade advantageously in Allied countries. Although it deprived Germany of access to Allied markets, the treaty guaranteed the Allies most-favored-nation treatment in German markets for a period of five years. The Allies were thus

able to flood Germany with their products. The treaty also interfered to an unprecedented extent with the German rivers, some of which, however, have their sources outside of Germany. Control over the Elbe, the Oder, the Danube and the Rhine was given to international commissions in which Germany is greatly outvoted.

German Reparation

These various provisions destroyed the basis of Germany's power in Europe. The treaty thus worked to the advantage of Allied competitors and retarded the recovery of Germany's economic strength. But these provisions also impaired the ability of Germany to pay reparation to the Allies. This burden of reparation was heaviest of all. The Allies at first had wished to make Germany pay for all of the costs of the war. President Wilson, however, opposed this idea on the ground that it was humanly impossible for Germany to compensate for the billions of wealth which the war had consumed. He also opposed this idea because he did not want war to be a financially paying proposition. Consequently he urged a proposal which the Allies accepted in the pre-armistice negotiations—that Germany be held liable only for damage done to civilians. During the Peace Conference a fierce controversy arose as to whether military pensions could be included in the category of civilian damage. Members of the American delegation argued that this inclusion was wholly illogical; nevertheless the British insisted upon it because it increased their share of the reparation payments. Otherwise most of the payments would have gone to France and Belgium to pay for

the reconstruction of the devastated areas. The British contention prevailed.

Having decided that Germany should pay for civilian damage, including pensions, and also the Belgian war debt, the next question was: What was the total bill? While fantastic estimates were made, nobody could answer this question. Some economists realized that Germany could pay only a small part of what the public in Allied countries demanded; but they did not dare say so openly because of the savage state of the public mind. Consequently it was thought best to leave the total liabilities of Germany a blank except that before May 1, 1921 Germany was obliged to advance to the Allies 20 billion gold marks on account, which would be deducted from the total amount when ultimately fixed. The treaty established a Reparation Commission, composed only of Allied and Associated representatives, which was obliged to fix the total obligations of Germany by May 1, 1921. In its task of arriving at this sum, the Reparation Commission really had the whole economic and financial fate of Germany in its hands.

Not the least important provisions of the treaty were those which attempted to pass a moral judgment upon the German people. They declared that Germany was responsible for causing all the damage which the Allied peoples had suffered as a result of the war "imposed upon them by the aggression of Germany and her Allies." The treaty further implied, as we have seen, that Germany was morally incompetent to administer colonies. It also "arraigned" William II, the former German Emperor, "for a supreme offense against international morality and the sanctity of treaties"; to try him for these offenses, a special trib-

unal, composed only of Allied judges, should be established. The treaty provided for the trial of other German violators of international law. It excluded Germany from the League of Nations.

It was one thing to impose these peace terms upon Germany in the name of the victors; it was quite another to impose them in the name of outraged righteousness. Whether rightly or wrongly, the German people could not believe that they were solely responsible for causing the war, that they were morally inferior to other people, or that they should suffer for all times for the acts of rulers whom they had deposed. They believed that in decorating a vindictive peace with lofty principles, the Allies were guilty of cant and hypocrisy.

Finally the treaty attempted to doom Germany to military impotence. To keep the Reich from increasing her potential man power, the treaty prohibited Austria's union with Germany except with the unanimous consent of the Council of the League of Nations. Out of military considerations, the Treaty of Versailles thus violated the principle of self-determination.

The treaty also forced Germany to disarm. Her army is limited to 100,000 men, in comparison with the French army which in 1925 amounted to nearly 700,000 men. The number of German police are limited; conscription is abolished. The German navy is limited to six small battleships and six light cruisers. She can have no submarines and Heligoland is demilitarized.[1] To prevent another invasion of France the treaty created a Neutral Territory on the left bank of the Rhine and on the right bank as far east as

[1] Cf. p. 217.

50 kilometers. Within this zone Germany is forbidden to maintain or construct any forts or to carry on any military manoeuvers. In case Germany violates these provisions in regard to demilitarization, she will be regarded as committing a hostile act against the Allied powers calculated to disturb the peace of the world.

The treaty similarly established an Occupied Territory in the Rhineland—German land which Allied troops may patrol. As a guarantee that Germany will obey the treaty, German territory west of the Rhine, together with the bridge heads, may be occupied by the Allies for a period of fifteen years. If Germany has "faithfully carried out" the treaty, the occupation will be successively reduced. At the end of five years, or in January 1925, the Cologne area was to be evacuated; the Coblenz area at the end of ten years, in 1930; and the Mainz area at the end of fifteen years, or in 1935. However, if by 1935 the "guarantees against unprovoked aggression by Germany" are not considered sufficient, the Allies may delay evacuation indefinitely. Under these provisions, about 75,000 Allied troops were stationed in the Rhineland.

* * *

Such was the compromise between the idealism of President Wilson and the realism of M. Clemenceau. The French gave up the annexation of the Rhineland in return for a temporary military occupation and for a military alliance under which England and the United States jointly promised to come to the aid of France in case of unprovoked attack. Even before the United States repudiated this "moral" commitment, the French people were angry at

the compromise. The French parliament finally ratified the treaty but it declined to make Clemenceau, the Grand Old Man of France who was responsible for the treaty, president of the Republic. The passions of war were too strong in France to allow the principles of liberalism to triumph. The American public—for very different reasons—later joined the French in repudiating the Wilsonian principles.

While President Wilson failed at Paris in negotiating a fully just peace, he did succeed in preventing the peace from going to the full extremes desired by the militarists. Another president might have consented to the literal execution of the secret treaties of 1915-17. But Mr. Wilson accomplished more than a negative victory. He accepted the compromises,—he accepted the vindictive portions of the treaty on condition that a League of Nations be established. The League of Nations was to be the embodiment of international justice and cooperation. The League and time, Mr. Wilson believed, would gradually remove the defects of the treaty and mollify the deadly hates of Europe—and this belief was shared by the noted South African statesman, General Smuts. Mr. Wilson staked everything on the realization of this one ideal.

In presenting the draft of the League of Nations Covenant to the Conference on January 25, 1919, Mr. Wilson said "I can easily conceive that many of these settlements will need subsequent consideration, that many of the decisions we make shall need subsequent alteration in some degree . . . The settlements may be temporary, but processes must be permanent. The United States regards the project for a League of Nations as the keystone of

the whole program. It should be always functioning in watchful attendance upon the interests of the nations." [1]

In his covering letter replying to the German observations on the Conditions of Peace, Georges Clemenceau said that the treaty created machinery "whereby the settlement of 1919 itself can be modified from time to time to suit new facts and new conditions as they arise. . . ." Mr. Wilson was pilloried for his stand by the "liberals" who should have supported him. They declared that an unjust peace meant an unjust League—the one would enchain the other. They did not have the Wilsonian vision. If that vision is realized, if the League gradually brings a new international life into being, Mr. Wilson, with all his temperamental defects, will go down in history as one of the great figures of our age.

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[1] Thompson, C. T. *The Peace Conference,* pp. 142, 145.

CHAPTER III

GERMANY DEFAULTS

THE Treaty of Versailles provided for an elaborate system of punishments in the event that Germany did not live up to its provisions. It also established detailed machinery to supervise the execution of the peace treaties as a whole—not only the treaty with Germany, but the treaties with Austria, Hungary and Bulgaria. The principal Allied powers delegated many duties arising out of these treaties to the Conference of Ambassadors, a body composed of their diplomatic representatives at Paris. The duties of supervising the disarmament provisions were vested in control commissions, while the duties in regard to reparation were entrusted to the Reparation Commission. The Council of the League of Nations, another body containing permanent representatives of France, England, Italy, and Japan and representatives of other states, elected by the Assembly of the League, had certain duties in connection with the administration of Danzig and the Saar.

No sooner had the treaty been ratified than some of the sanctions, so dear to the French heart, fell to the ground. In 1920 and 1921 Belgium and England waived their rights under the treaty to confiscate German private property in the event of Germany's failure to live up to her obligations. The object of this waiver was to restore the

confidence necessary to the revival of trade. But France did not at this time surrender her rights in this respect and she regarded the action of the British and Belgians as a sign of weakening.

Moreover, the articles in the treaty relative to the trial of the Kaiser were not applied. The Kaiser had fled to Holland at the outbreak of the German revolution; and the Allies tried to have him extradited for the trial solemnly provided for in the treaty. The Netherlands Government declined, however, to give the Kaiser up on the ground that it was contrary to its policy to surrender political refugees. In further negotiations, the Netherlands promised to see to it that the Kaiser would not return to Germany and cause trouble. There the matter has rested until to-day. The ex-Kaiser spends his time with a newly acquired wife and in giving out soporific interviews. Few people fear the return of the Hohenzollerns to the German throne.

A partial breakdown also occurred in the treaty provision which obliged the German Government to turn over to Allied court martial Germans accused of violating the laws of war. In 1919-20, the German Government told the Allies that an ill-humored public at home prevented it from surrendering such Germans. As a compromise, the German Government was allowed to try these Germans in local courts with representatives of the Allied Governments taking part. The trials were held at Leipzig in the summer of 1921, and six out of the twelve Germans prosecuted were convicted. This procedure was severely criticized in France and elsewhere, particularly on the ground that the sentences imposed were too lenient. In 1924 a

French tribunal in Strasbourg condemned General von Nathusius for alleged theft in the Occupied Territory. Following a vigorous protest from Germany he was pardoned. Since then the Allies have failed to take any further steps to carry out this part of the treaty.

It was soon found necessary also to modify or at least postpone the literal enforcement of the disarmament provisions of the Treaty of Versailles. In 1920 a communist revolt occurred in the neutralized territory along the Rhine—territory which German troops could not legally enter. In order to put down the revolt the German Government requested permission to move troops into the area, a request which the British favored but which the French opposed. Without waiting authorization, the Germans marched 20,000 men into the area and overcame the revolutionists. This action angered the French who claimed that the Germans had violated the Treaty of Versailles. Declaring that the Germans must be punished, the French marched troops across the Rhine and occupied the German towns of Frankfurt-am-Main and Darmstadt in April, 1920. At the protest of the British and when the neutral zone had been evacuated by the Germans, the French withdrew in May.

From the first, difficulties also arose between the German population and the Allied troops occupying the right bank of the Rhine. The Occupied Territories had been placed under the virtual control of an Inter-Allied High Commission and were patrolled by 75,000 Allied troops. The Germans occasionally came into conflict with the troops; and for a time bitter complaints were made against the presence of colored soldiers from French Africa. One of

the first acts of the French command was to order the German municipalities to maintain houses of prostitution for the French troops. The authorities in the British zone made no such demand, and the comparison was disadvantageous to France.[1]

No matter how exemplary the conduct of the Allied troops may have been, the German population inevitably resented the presence of a large body of alien soldiers quartered on their soil. They complained that the occupation of the territory by 75,000 foreigners intensified the housing crisis and gave the Allies an opportunity to work clandestinely toward the creation of a Rhenish republic. They regarded the existence of foreign military tribunals as an "intolerable infringement of sovereign rights." Moreover, the occupation was expensive—from 1924 to the middle of 1927 its cost amounted to more than 328,000,000 gold marks. While this sum was paid by Germany, it was deducted from the total paid to the Allies on reparation. The steps taken toward the evacuation of the Rhineland are discussed in a later chapter.[2]

While the Allies did not have a particularly pleasant time in enforcing the treaty provisions in regard to the Neutral and Occupied Territories, they had even greater difficulties in regard to the general disarmament provisions of the treaty which obliged Germany to destroy military supplies and which limited Germany's army to 100,000 and the German police to a number not greater than that which had existed in 1913, taking population increases into consideration. Before the World War, the

[1] *Les Cahiers des Droits de l'Homme*, October 15, 1927, p. 470.
[2] Cf. p. 389.

German Government had maintained no control over police. These were, as in the United States, in local hands. But the danger of revolution and of crime following the armistice in 1918 became so great that the Germans established several new police organizations. The first was called the *Sicherheitspolizei.* This organization was fully armed and the Allied Governments soon said that it was a military force, the existence of which violated the peace treaty. The second force, the *Einwohnerwehr,* was a local organization. In view of the danger of revolution in Germany, the Allies decided at the Boulogne Conference in 1920 that Germany could increase her police forces from 80,000 to 150,000 provided the two organizations mentioned above were abandoned and that the new police should be strictly local. At Spa they allowed the German Government a delay in reducing the size of its army to 100,000 but threatened that if Germany did not live up to the disarmament provisions of the treaty by a certain date they would occupy additional German soil. Despite further German legislation, the Allies complained at the end of 1920 that Germany had failed to destroy a large quantity of arms.

Difficulties arose, not only over the question of police and arms but also over aircraft. The treaty prohibited Germany from having any military airplanes. But what was the difference between a military and a commercial airplane? Germany and the Allies finally reached an agreement to the effect that planes having certain qualities of speed and strength were to be regarded as military planes and hence prohibited. In order to enforce this distinction, a Committe of Guarantees was organized; all German

warships, planes and pilots had to be registered. The whole system was resented in Germany, one writer stating that "the right to maintain a fighting aircraft force is a basic right of states and, with the exception of Germany and its allies in the last war, had as yet never been denied to any sovereign state." [1]

The enforcement of the disarmament clauses in the peace treaties was entrusted to a number of Inter-Allied Commissions of Control. Thus there was a military, a naval and an air commission. Each commission had a large personnel; for example, the military commission was composed of a thousand persons who tip-toed about Germany, attempting to discover real and imaginary violations of the disarmament provisions of the treaty. Any such system of inspection could not fail to irritate the feelings of the German people. And there is no doubt that certain prominent persons such as Minister of Defense Gessler in 1923 and 1924 connived at the evasion of the treaty. The alleged failure of Germany to live up to its obligations in this respect was another reason which France gave for invading the Ruhr and which reinforced her belief that Germany had no intention of abiding by the peace treaties but was in fact secretly arming so as to overturn them by force. On the other hand, many people in Germany and elsewhere asserted that it was ethically unsound and physically impossible to attempt to keep the largest nation in Europe (outside of Russia) in a prostrate condition, while her neighbors armed to their heart's content. If Germany was really to disarm, morally as well as materially, general European disarmament was a necessity.

[1] Cf. Bartz, W. *Deutsche Luftrechtspolitik seit Versailles*, p. 48.

Work of the Reparation Commission

All of these difficulties in regard to trying the Kaiser, disarmament and the occupation of the Rhineland, serious as they were, were really subordinate to the reparation question. For five years the Reparation Commission was probably the most important body in Europe. It was to have been composed of representatives of France, Great Britain, the United States and Italy, together with a fifth representative from certain other Allied states. But the United States refused to appoint its delegate, and as a result the impartiality of the Commission was destroyed. Between 1921 and 1925 a contest between France and England for the control of the Commission took place—and France won.

The first job imposed upon the Commission—and it was a tremendous one—was fixing Germany's bill. This had to be done by May 1921; and once the sum was fixed, the Commission could not reduce it except by the unanimous vote of the members of the Commission and of their respective governments. A unanimous vote was also required to interpret the reparation clauses of the treaty. A single interested state, such as France, had an absolute veto. Postponing the determination of Germany's bill, however necessary from the economic standpoint, was psychologically unsound. It kept Germany hanging in the air; the people had no incentive to get down and work to pay off a concrete sum, because under this system the harder they worked the more the Allies might demand.

In the years following the entry into force of the peace treaty, the Allied powers held a number of conferences

at which they discussed how much Germany should pay and what measures they should apply to force her to pay. To some of these conferences Germany was invited; to others she was not. The only one which achieved any results was the one held at Spa in 1920, which decided that France should receive 52 per cent of the total payments from Germany; the British Empire 22 per cent; Italy 10 per cent; Belgium 8 per cent; Greece, Rumania and Jugoslavia 6.5 per cent each; Japan and Portugal ¾ per cent each.

Long before May 1921, the date for fixing the total reparation payments, the Allies came into conflict with Germany. The occasion of the first dispute was over the advance of 20 billion marks that Germany was obliged to make before May 1921. In January 1921, the German Government claimed that the value of materials turned over to the Allies—such as coal and rolling stock—was more than 21 billion marks, an amount which would more than cancel the advance required by the treaty. The Reparation Commission declared, however, that Germany had valued this material at too high a figure; and that, in fact, it still owed the Allies on this account 12 billion marks. Germany said this was untrue. There was no system of arbitrating the difference; and the Reparation Commission, on March 22, 1921, declared that Germany was in default.

To appease a wrathy public opinion and to punish Germany for this and other defaults, the Allied prime ministers, led by Lloyd George, had already ordered the seizure of the German towns of Düsseldorf, Duisburg, and Ruhrort which took place on March 8, 1921. They also estab-

lished a customs wall around the Rhineland and levied taxes on German imports into Allied countries. Thus the Allies took it upon themselves to punish Germany two months before Germany was allowed to know what her reparations were. It was regarded by many people as a high-handed proceeding.

On April 27, 1921, the Reparation Commission finally announced that Germany was indebted to the Allies to the extent of 132 billion gold marks, or about 31 billion dollars. This sum was at least 10 billion dollars lower than the Allied Governments had demanded, but three times as high as the figures recommended by experts at the Paris Peace Conference. In order to fix a total the Commission had received claims from each of the Allied Governments, which it transmitted to the German Government for its remarks. Many of these claims were protested by Germany and some of them were rejected by the Reparation Commission. This explains how the Allied demands came to be reduced.

The Reparation Commission did not ask that Germany hand over the sum of 31 billion dollars at once. It did not demand that Germany pay the interest on the whole of this sum. It simply provided that Germany should issue three series of bonds; the first, called Class A bonds, was for an amount of 12 billion gold marks; the second, called Class B bonds, was for an amount of 38 billion gold marks; and the third, Class C bonds, was for an amount of 82 billion gold marks—bringing up the total to 132 billion. Germany would not be obliged, however, to issue the Class C bonds until the Commission was satisfied that she could meet interest payments upon them. Germany was asked

to pay 5 per cent interest and 1 per cent sinking fund deposits, on the A and B bonds, which totaled 50 billion marks—or 12½ billion dollars. Under this plan, the annual payments of Germany would ordinarily have been 3 billion gold marks a year. The Commission provided, however, that Germany should pay only 2 billion gold marks and make up the difference by a 26 per cent tax on the value of her exports.

These initial sums thus constituted a considerable reduction in the sums which Allied publicists had previously demanded. They were only a little larger, as a matter of fact, than the sums later imposed by the Dawes plan. Had the Reparation Commission been in a position in May 1921, to aid Germany in her internal finances as the Allies did in 1924, and had Germany exhibited the will, she might have met the payments demanded in the London Schedule. The Allies in 1921 made no such suggestion to Germany; they offered no aid; they did not examine the economic and financial implications of the question. They simply told Germany what her obligations were; they threatened that if she did not pay they would invade Germany territory with their troops to administer punishment. And this is actually what happened.

To understand the course of events between 1921 and 1924 one must be familiar with the general principles of economics and of foreign trade. It is not a simple matter for one country to transfer large sums to another country, and to keep this up year after year. There is no such thing as international money. German money consists of marks, which can be used only inside of Germany. Marks cannot buy goods in France unless they are first converted into

francs—the French national money. It is this conversion process which makes difficulties. To buy French francs for reparation purposes, Germany must export goods or services abroad. A single transaction of this sort may sound simple, but when it comes to the payment of several billion marks annually, it becomes very difficult. The amount of credit which Germany may build up abroad for this purpose depends upon the size of her foreign trade, unless she relies upon the return from foreign investments, which are now wiped out, or upon tourist expenditures and so forth. Germany must build up a balance of exports over imports large enough to meet these reparation payments. The only way Germany may defeat this rule is by borrowing heavily in foreign countries and by using the proceeds of these loans to meet reparation payments. But until after the Experts' Plan of 1924 no loans were forthcoming from the United States. The size of Germany's foreign trade depends partly upon the industrial capacity of Germany; it also depends upon whether Germany can find foreign buyers and upon the willingness of Allied countries to admit German goods. If Germany builds up a huge industrial machine, she will acquire the basis of military power of which France is afraid. If she captures the foreign markets of the world in the effort to pay reparation, it may be at the expense of Allied competitors, particularly of Great Britain.

Such was the paradox of the situation. Both England and France demanded reparation payments; but neither country wished to see Germany build up a huge industrial machine which would become a military danger to France and which would deprive Britain of her oversea markets.

A struggle lasting over several years was necessary to make public opinion understand the necessity either of reducing the obligations imposed on Germany or of removing the restrictions impeding German industrial development; the Allies could not have their cake and eat it too.

Now let us return to the reparation settlement of May 1921. When the Reparation Commission asked Germany to accept the bill of 132 billion gold marks, Germany protested that it was too large. The Allies were in no mood to argue about the matter; and after a number of meetings, the prime ministers decided that if Germany did not accept, they would occupy the valley of the Ruhr, which is Germany's richest industrial center.

They sent an ultimatum to this effect to Germany, and on May 11, Germany accepted, thus postponing for twenty months the occupation of the Ruhr.

Germany now made an effort to meet some of the payments required by the reparation plan. The government established a Treaty Obligations' Budget; and in October 1921 Germany and France signed an agreement at Wiesbaden providing that Germany should deliver to the French devastated areas, goods and materials to be credited against the reparation account. German finance, however, soon fell into a perilous condition. The revenues of the Government were too small to meet the charges in the treaty budget and a deficit for the budget of 1922-23 amounting to 90 billion paper marks was soon forecast. In order to meet these deficits, the Government started to print paper money, which as always in the case of unrestricted issue of paper money, caused the value of the mark to decline. In January 1921 the mark stood at 45 to the

dollar. In December it was worth only 160 to the dollar. In the end the German Government informed the Allies that in view of the financial situation it could not possibly meet the reparation installments soon to fall due. It asked for a partial moratorium—for a suspension of its obligations. The Allies finally granted this request on condition that Germany increase her taxes and bring about financial reform.

The French Occupation of the Ruhr

Meanwhile the French public was becoming more and more restive. Frenchmen did not take stock in the argument that the reparation payments could not be met. They did not believe that the German people were as heavily taxed as themselves, nor did they believe that the German Government was really trying to meet its obligations. They were tired of a policy of dilly-dallying, of Briand's conciliation tactics. They demanded action. In January 1922, President Millerand asked M. Poincaré to become prime minister. Born in Lorraine and a Nationalist, M. Poincaré was a man who in theory stood for the policy of the iron fist. He declared that force was the only argument Germany could appreciate. These payments Germany could meet, he insisted, if there was the will; the will was lacking and force must be employed.

No French statesman is more of an enigma, more of a puzzle than M. Poincaré. Some writers have ascribed to him the rôle of a modern Napoleon, but in appearance he is a small, timid scholar—an unprepossessing journalist. He has been caricatured wearing a spiked helmet and

flaunting a naked sword; in fact he is the least military-looking of men in his high silk hat and carrying his inevitable umbrella. M. Poincaré is not picturesque and he is not popular. He is almost drab and commonplace. His speech is dry and cold. He is rarely excited. Without hobbies, without exercise, he puts in at his office a fourteen to sixteen hour day. It is his keen brain, ceaseless devotion to France, and unstinting energy, which lead France to call upon M. Poincaré in times of emergency.

M. Poincaré could not block the partial moratorium already granted to Germany. Nevertheless he set out to catalogue the evasions of the treaty by Germany and he raised the question as to whether the Germans were taxed as heavily as people in Allied countries. Meanwhile the economic thinkers were saying that German finance and reparation payments must be reorganized and that this could be done only by means of a foreign loan. The Reparation Commission asked a committee of bankers to study the possibility of making Germany a loan in the spring of 1922. The committee reported that a loan was out of the question as long as the reparation obligations of Germany remained indefinite, and as long as a working financial system in Germany had not been established. The hope of a loan thus vanished and Germany still attempted to buy foreign money with which to pay her reparation annuities. Whether because of inevitable financial disorganization caused by these demands or by the deliberate intent of the German Government to destroy the country's credit rather than yielding to the Allies, the bottom fell out of the German mark. In January 1922 it stood at 162 to the dollar; in September at 1,303; in December at 6,865. In

the midst of this decline, in July 1922, the German Government frantically informed the Reparation Commission that Germany could be saved from financial ruin only by a moratorium relieving her of all reparation payments for the next two years—that is until the end of 1924. M. Poincaré, somewhat frightened by developments in Germany, finally agreed to the principle of the moratorium but only on condition that the Allies take "productive guarantees" that Germany would really pay what she could. The Allies, he said, should control all imports and exports for the Rhineland, seize 60 per cent of the capital in the German dyestuff factories and take other similar steps. The British opposed these measures of force on the ground that they would lead to the further deterioration of the currency and destroy the integrity of German industry and thus prevent reparation payments. No agreement between the French and the British points of view could be reached, and the conference at London in regard to the proposed moratorium broke down.

The debate continued throughout the year without decision. The net result of the deadlock was that Poincaré turned to a policy of force. His legalistic mind had led him to believe that Germany would pay if only the Allies forced her to pay. He began looking around for some reason to intervene. He could not declare Germany in default in regard to cash payments because of the temporary moratorium which the Reparation Commission had granted. He discovered, however, that Germany was behind in the deliveries of wood and coal. By November 30, 1922 the Germans had delivered less than 59,000 out of the 200,000 telegraph poles for which they were liable

under the treaty. The Germans told the Reparation Commission that this default was not "voluntary"; the collapse of the mark had disrupted the contracts by which the deliveries of these poles were made; several weeks' more time was necessary to reach new agreements with the merchants concerned. Nevertheless, the French member of the Reparation Commission, on December 26, 1922 demanded that the Commission declare Germany in default. The British member, on the other hand, declared that the default was almost microscopic and that no action should be taken until a better reason could be found. Nevertheless, by majority vote, the Commission declared Germany in default in the delivery of timber; and later it declared her in default in the delivery of coal and cattle as well.

The Allies thus declared that Germany had violated the treaty. What was to be done about it? The treaty said that in case Germany went into "voluntary default" the Allies could take economic and financial "reprisals" and "in general such other measures as the respective governments may determine to be necessary in the circumstances." Invoking this provision, the French Government acting with the Belgian Government, but not with the British, sent a "mission of control" called from its initials the M.I.C.U.M. into the Ruhr on January 11, 1923. This area produces 80 per cent of Germany's coal and iron and is responsible for 70 per cent of the traffic on her railways. The German Government loudly protested that the "invasion" was illegal; it was claimed that France could not act alone but only jointly with the Allies. This position was supported by the British Government, which declared that the measures taken by the French had no authoriza-

tion under the treaty and that the subject should be referred to arbitration.

Poincaré originally seemed to believe that the Germans would pay up as soon as the French entered the Ruhr. But he was soon disillusioned. The Germans opposed to a man what they regarded as an invasion of their territory; and M. Poincaré was speedily required to transfer his commission of engineers into an actual military occupation. The French and Belgian military force declared a state of siege and they required the German officials in the Ruhr to take orders from them. Anyone even publishing an article inciting the local population against the occupation or its French troops would be liable to court martial.

The Germans gave a belligerent reply. They stopped all reparation payments—all payments in kind. The Reparation Commission countered by declaring Germany in general default in all of its obligations toward France and Belgium. Within the Ruhr the local inhabitants wielded the terribly effective weapon of passive resistance. They refused to obey the orders of the invaders. Government telephone and telegraphic services declined to communicate with any person in the occupying forces; the railways refused to operate, and the newspapers declined to publish the Franco-Belgian decrees. Back of this non-cooperation movement stood the Berlin Government. It subsidized Germans who had lost their jobs as a result of their disobedience; and it passed laws prohibiting any German from giving any assistance to the French. A new war had actually begun.

Infuriated by this crisis, the French and Belgians brought new troops into the Ruhr and extended the area

of occupation. The charge was made and virtually substantiated that the French took advantage of their situation to organize a Separatist movement to detach the Ruhr along with the Rhineland from Germany. While the French authorities forbade the Germans to bear arms, they allowed Separatist followers to carry such arms and to form military organizations. The French administration placed railway trains in the hands of the Separatists, and generally encouraged the movement.

Likewise the French authorities expelled 5,700 railway men and their families from the Ruhr in 1923 for refusal to operate trains. Altogether it is estimated that the French expelled 147,000 Germans from the territory who declined to obey French orders. In one court martial the French convicted the directors of a well-known German firm on the charge of obstructing the Franco-Belgian army of occupation and sentenced them to imprisonment for ten to fifteen years, imposing fines aggregating a hundred million marks. Nearly every mayor in the Ruhr was expelled by the French and some of them were put in prison.

Having established control over the Ruhr, the Franco-Belgian occupation next attempted to extract its wealth for the benefit of the reparation account. Decrees prohibited the export of any material from the Ruhr into Germany proper. For a time this plan was thwarted by the refusal of the German miners to dig any more coal and of the German railway men to transport it. When the German railway staff of 170,000 men went out on a strike, the Allied invaders took over and attempted to operate the railway system by means of 12,500 French and Belgian troops. This scheme led to the export of certain quantities

of loot to France. The French claimed that the first year of occupation netted a profit of nearly 480,000,000 paper francs but it was soon proven that the Ruhr could not be profitably exploited without German aid.

For six months the Germans fought the French occupation and then gave in. In August 1923, Dr. Stresemann, the German Chancellor, declared that the Germans would abandon passive resistance if the French would restore the economic and administrative control of the Ruhr and would allow the expelled Germans to return to their homes. A few weeks later Germany repealed all of the passive resistance decrees and unconditionally surrendered. France had for the moment won a victory.

Following the German surrender, the French negotiated a series of "M.I.C.U.M. agreements" with the local industries in the Ruhr—the name being taken as already seen, from the initials of the Franco-Belgian occupation commission—whereby they promised to deliver regularly certain products to France and Belgium. By means of these M.I.C.U.M. agreements and the military occupation, France wound her fingers around the Ruhr and she declined to let go until the establishment of the Dawes plan.

Nevertheless, as far as reparation was concerned, the occupation of the Ruhr valley had made payment more difficult than ever. The occupation had caused, or had been the occasion, for the complete financial destruction of Germany. It had brought acute hardship to the German people. The value of the mark, which in January 1923, stood at 16,240 to the dollar, reached the stupendous figure of 4,460,000 marks in November. This fantastic inflation wiped out all savings and all debts. It completely disor-

ganized German industry. Business could be transacted only upon a speculative basis; the price of food and rents soared to the skies and people on fixed incomes faced starvation. Moreover the disastrous condition of Germany affected adversely the industrial condition of other parts of Europe.

While France succeeded in winning a psychological victory over Germany and contributed to the temporary financial ruin of her enemy, the victory was not without cost to herself. During the Ruhr occupation the franc declined sharply and created a financial crisis in France discussed in another chapter. Moreover, deliveries of coal to France and Belgium under the occupation régime were only a quarter of what they were in 1922. The "victory" was accompanied by an intensification of the hatred which had persisted since the World War. Europe was again in the black depths.

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NORTH SEA
NETHERLANDS
Amsterdam
The Hague
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Scheldt R.
BELGIUM
Brussels
Meuse R.
EUPEN
MALMEDY
LUXEMBURG
Moselle R.
Ruhrort
Essen
Bochum
Dortmund
Ruhr R.
Rhine R.
Dusseldorf
Cologne
Coblenz
Frankfurt
Main R.
GERMANY
FRANCE
Laon
Reims
Marne R.
Seine R.
SAAR
Saarbrucken
Metz
LORRAINE
Nancy
Strassburg
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CHAPTER IV

THE SECURITY OF FRANCE

DEFEATED in her demands at the Peace Conference for the establishment of a military league to coerce Germany and for the annexation of the Rhineland, France still sought means to forestall a revival of Germany's military power. The occupation of the Ruhr in January 1923 was animated to a certain extent by a desire to carry away some of the economic wealth of Germany. It was also a sort of blackmail device to bring England into line. In return for evacuating the Ruhr France may have hoped to induce England finally to guarantee the left bank of the Rhine. But perhaps the leading motive of the occupation was to demonstrate to Germany the futility of attempting to evade the obligations of the Treaty of Versailles.

The French Government believed, and in this it followed the example of other governments, that the nations of Europe were divided into competing groups, jockeying for position against each other, one group attempting to menace its opponents. The international relations of Europe until recently at least have been based on the principle of Balance of Power. Since it was impossible to divide the world into states of equal military and economic strength, they should be grouped into opposing alliances

so that no state would be able single-handed to impose its will upon the rest of the world. Between 1815 and 1914 the European powers entered into about twenty alliances and coalitions. The establishment of the German Empire in 1871 brought about a new alignment. After carrying on a flirtation with Russia, Germany finally decided to cast her lot with Austria-Hungary and Italy. In 1882 these three powers signed the Triple Alliance which existed until the World War. France relied for security against Germany upon an alliance made in 1892, with Tsarist Russia, and upon an uncertain understanding or entente with England, made in 1904. Such was the line-up which faced Europe at the outbreak of the World War. In 1917 the situation suddenly changed. The Tsar was overthrown; Russia withdrew from the war; a Bolshevist Government came to power which knew not Joseph; it repudiated the obligations of the old régime and proclaimed its intention to bring about a world revolution. Russia the ally had become Russia the enemy. The French believed and still believe that there is a danger that these two outcast states of Europe—Russia and Germany—might form an alliance to overturn the Versailles settlement, and dominate the continent.

Notwithstanding the victorious armistice of 1918, France therefore faced the future with real fear clutching at her heart. Despite territorial losses the German population was much larger than the French population. France could no longer depend on Russia. Standing alone, France would be destroyed when a revengeful Germany recovered. Under the impulse of Balance of Power conceptions, and believing in the implacable hatred of Germany, French

policy aimed to keep Germany weak and to find new allies to bolster up the French position to offset Germany's superior man-power. France adopted the permanent policy of conscripting native troops to serve in the French army. She tried to get the League to establish an international army, and Britain and the United States to guarantee the peace.

Her fears temporarily allayed by the forced disarmament of Germany and the occupation of the Rhineland, France started on the hunt for new allies. Naturally she found them among states who had recently profited at Germany's expense, who had suffered from German force or who feared the return of Germany's military power.

First among these allies was the little state of Belgium. The neutrality of this tiny country, lying athwart the path of continental invaders, had been guaranteed by a treaty in 1839. Germany violated this treaty by invading Belgium in 1914, and Belgium made a plucky resistance to the German occupation which led her to receive special consideration at the Paris Peace Conference. Germany was obliged to assume Belgium's war debt, and to cede the enclaves of Eupen and Malmédy along the Belgian frontier to Belgium, subject to demilitarization and to a plebiscite. The Germans protested to the League of Nations that the plebiscite was grossly unfair, but the Council of the League simply confirmed the Belgian title to the territory.

At the Paris Peace Conference a number of Belgians hoped to increase Belgian territory at the expense of Holland. They demanded the annexation of the Limburg district, now part of Holland, for strategic and economic reasons. Holding this district, Belgium could connect the Meuse and the Rhine by canal. Some Belgians also de-

manded the annexation of the left bank of the Scheldt in order to carry out improvements in the navigation of the river, upon which Antwerp is dependent. At present both banks of the Scheldt for a distance of 40 miles are held by Holland. The treaty of 1839 provided for joint control over the river, but the treaty has not worked to Belgium's satisfaction. Belgium charged that Holland had delayed improvements so that her own port of Rotterdam might profit at the expense of the Belgian city of Antwerp. Negotiations between the two governments were carried on at the Paris Peace Conference, but without success, the chief difference arising over the status of the Wielingen channel, which is a prolongation of the Scheldt into the sea. In 1925 a treaty was finally signed which failed, however, to mention the Wielingen question. It provided for a system of joint control which, in the eyes of some Dutchmen, increased Belgian influence. While the Belgian parliament ratified the treaty, Holland refused to do so— the agreement finally being rejected by the First Chamber in March 1927. Despite further negotiation, the question is still open. The existence of an alliance with France may have strengthened Belgium in its demands.

Following the peace conference a three-cornered game was played between Belgium, Luxemburg and France which to a certain extent had its effect on the security problem. Before the World War the Grand Duchy of Luxemburg was a sovereign state but was bound to Germany by a railway agreement and a customs union. That is, there was free trade between the two states. The Treaty of Versailles ended this relationship, and because of the dependence of the steel industry upon imported coal

Luxemburg was forced to choose between a customs union with Belgium or one with France. In 1919 the Luxemburg people held an election in which they decided to maintain the existing dynasty in power and also to negotiate for a customs union with France instead of with Belgium. This preference for France led Belgium to take offense and she broke off diplomatic relations with her neighbor. The French had desired a close association with Luxemburg for economic reasons, but following the rejection of the Treaty of Versailles by the United States Senate, the French realized the military and political importance of keeping on good terms with Belgium.[1] In order to keep Belgium's good will France declined to enter into a customs union with Luxemburg. The only alternative for Luxemburg was a customs union with Belgium and this was concluded in a treaty of July 1921.

A few months before—in September 1920—the French and Belgian military staffs drew up a military agreement providing for reciprocal aid in case of attack. Belgium was legally entitled to enter this agreement because the neutrality treaty of 1839, which would presumably have prevented her from entering into any alliances, had come to an end as a result of the World War and the Paris Peace Conference. Although the League of Nations Covenant provides that all treaties shall be registered at Geneva, the French and Belgian Governments declined to publish the text of this military agreement. They simply registered some letters stating that such an understanding had been entered into. Its object, they declared, was "to reinforce the guarantees of peace and security resulting" from the

[1] Cf. Toynbee, A. J. *Survey of International Affairs*, 1920-1923, p. 69.

Covenant of the League. If Germany should attack France, Belgium would come to French aid, and vice versa. The agreement defined in detail the military measures to be taken. This was the first link in the French security chain.

Nevertheless economic and racial differences may weaken the mutual friendship upon which the alliance is based. In the pre-war days the Germans allowed free trade between the Rhineland and the Belgian port of Antwerp. Following the war the French established a customs barrier and imposed a surtax on goods exported from the Rhineland to Antwerp, in order to divert trade to French ports. Feeling became so strong in Belgium against this tax that the French finally abolished it. France also made an economic agreement with Belgium, providing for the reduction of certain duties which would increase the trade of the two countries. The Belgian cabinet which signed this agreement was voted out of office by a suspicious chamber, which feared the economic dominance of Belgium by France. Business men were disturbed by the close financial relations of Belgium with France, and apparently did not wish to see Belgium's dependence on France increased.

Opposition to the economic position of France in Belgium and to the military alliance which periodically expresses itself, comes primarily from a section of the Belgians who speak the Flemish language. The Flemish people oppose any agreement with France the result of which might indirectly extend the French language throughout Belgium. For a time the division between the Flemish people and the Walloons, who speak French, became acute,

especially over the language to be used in the University of Ghent. As late as November 1927 the Flemish deputies severely criticised the Franco-Belgian military alliance.[1]

France's second ally is Poland. The history of this country is discussed in another chapter. This much may be said here: Poland was created by the Paris Peace Conference, partly to satisfy a nationalist yearning, partly to erect a buffer state between Germany and Russia. Poland received territories which are definitely non-Polish and some of which formerly belonged to Germany. She has no natural frontiers. It was natural for Poland to seek aid from France, and it was natural for France to ask aid from Poland in time of war with either Russia or Germany because of Poland's strategic location. In 1920 France rushed aid to Poland before any alliance had been made—the occasion being war between Poland and Russia. In February 1921, the situation was consolidated by the signing of a political agreement between Poland and France in which they agreed to act together in all questions of foreign policy relating to the regulation of international affairs, in the spirit of the peace treaties and in conformity with the Covenant of the League of Nations. If, contrary to expectations, one party was attacked without provocation the two governments promised to act together with a view to defense of their territory and to safeguard their legitimate interests. This alliance was followed by a commercial agreement opening up the markets of the two countries at a low tariff, and by a French loan to Poland of 400,000,000 francs.

[1] *Le Temps*, November 17, 1927.

Franco-British Relations

Meanwhile the French maintained a fond hope of reviving the ill-fated alliance of 1919 with England. French policy before and during the war had been based on the Entente Cordiale. While England had, partly due to the existence of this Entente, finally entered the war in behalf of France, the Entente took the form of a vague and an informal declaration which was unsatisfactory to France. France wanted a clear-cut agreement; it wished the Entente converted into an open alliance of a defensive nature. In accepting the tripartite agreement in 1919, Lloyd George agreed to this request, but England's obligation under the agreement lapsed with the failure of the United States to ratify. Hopes for an Anglo-French agreement were again dimmed by the Washington Naval Conference, called by President Harding in 1921-22. At this conference France and England engaged in a violent controversy over the question of submarines. At the beginning of the conference France was virtually forced to accept a definite position of inferiority to England and the United States in regard to battleships—in the ratio of 5 to 1.67. At the same time France felt this position of inferiority had been unfairly imposed upon her. During the war she had been obliged to suspend all naval construction, while England had expanded such construction. When England at Washington attempted to drive home her advantage by proposing the abolition of submarines, France became angry. The submarine was a vessel of cheap construction —the only weapon of defense against a great naval power. To surrender the right to build submarines would be a

blow at the French position in Europe and a capitulation to British sea power. When Mr. Charles Evans Hughes, Secretary of State of the United States, supported the British thesis the French felt still further slighted. Neither the United States nor the British would promise to come to the aid of France in case of attack but now they attempted to deprive her of a remaining means of defense. The Washington Conference was a further strain upon Anglo-French relations, of which the subsequent invasion of the Ruhr was yet to be another trial.

While the mutual anger of their representatives at the Washington Conference was increasing, other representatives of the French and English Governments exchanged views at London in regard to an alliance. In these negotiations the French declined to resurrect the defunct guarantee treaty of 1919. The proposed British guarantee was one-sided and hence humiliating to France; moreover the guarantee was limited to the defense of French territory against the direct aggression of Germany. The French Ambassador at London, Count de St. Aulaire, frankly admitted that it was highly improbable that Germany would invade France. But Germany might invade Poland, whom France had promised to support. What France wanted was British support against Germany in a war on Poland. And this support England declined to give. Poland had never been popular in England. It had been regarded as a protégé of France—an artificial creation that threatened the British position in the Baltic. Negotiations dragged on. The alliance question was discussed at length at a conference of the Allied Governments in January 1922 at Cannes, but this irreconcilable difference over the

Polish frontier prevented any agreement. The French were again irritated. Poincaré, who now came into office, carried on further negotiations but they failed and the French Government broke the *entente cordiale* by invading the Ruhr and by seeking further continental alliances. France was strong enough to ignore England.

Central and South-Eastern Europe

In the very year of the Ruhr occupation the French Government offered to loan money to Jugoslavia, Rumania and Poland so that they might buy munitions and other military supplies from France. While Rumania declined the offer, the other two governments accepted.

In January 1924 the French Government signed an alliance with Czechoslovakia—another new state in Central Europe which based its existence upon territory taken from the defeated Central Powers. This agreement provided that both parties must consult each other on questions of foreign policy involving their security or the peace treaties; they would agree as to measures to be taken to safeguard their interests when threatened. Both parties also promised to consult each other in case Austria tried to unite with Germany or in case either Hungary or Germany attempted to restore the monarchy. "In accordance with the principles set forth in the Covenant of the League of Nations," disputes would be submitted to arbitration. The signature of this treaty in the midst of the Ruhr occupation led to rumors that Czechoslovakia intended to invade Germany and that the Czechoslovak army would be placed under the control of the French General Staff.

The governments denied, however, the existence of any military agreement such as had been made in the case of the Belgian alliance.

The invasion of the Ruhr was a logical result of the French policy of security. Its economic results are traced in the next chapter. From the standpoint of security, the experiment simply did not work. The French people and even the Government awoke to the fact that the invasion of the Ruhr was a mere revival of war which made a permanent settlement more remote than ever. In proceeding without consulting England the French Government unconsciously violated the principle that it had hitherto steadfastly maintained—that of a solid Allied front against Germany. In taking the law into her own hands, without the cooperation of England, France destroyed the basis of understanding with England. France came out of the Ruhr feeling more isolated than ever—her only friends were her "allies", Belgium, Poland and Czechoslovakia.

But were these really allies? Were these alliances really reciprocal agreements benefiting both parties equally? Frenchmen began to doubt it. Belgium had a population of only 7,500,000. The armies of Poland and of Czechoslovakia were larger, it is true, but the real advantages of the alliances accrued to Poland and Czechoslovakia. France was obliged to defend their soil against attack; and there was a real danger that they would be attacked, simply because the frontiers of Poland at least did not conform to ethnic principles and because the territory of these new states had in part been taken from the defeated powers. While Poland and Czechoslovakia promised to come to the aid of France in case of attack, as Count de

St. Aulaire stated such attack was very improbable. In other words these alliances imposed heavy responsibilities upon France and gave her little in return. By means of these alliances France might coerce Germany into living up to the Treaty of Versailles. But on the other hand the alliance, together with the Rumanian and Jugoslav agreements later entered into, imposed on France an onerous duty of safeguarding the frontiers of practically all of the new states of Europe. The chief result of the French system of alliances was to bring into existence counter-alliances or understandings. It brought Germany and Russia together in a "neutrality" agreement in 1926. Apparently it was instrumental in leading Italy to build up a series of undertakings with Hungary, Albania and Spain. The visit of M. Zaleski, Prime Minister of Poland, to Rome in the spring of 1928 even gave rise to rumors that these two states were entering into an entente.[1] The system thus was leading to the return of the pre-war Balance of Power. It gave rise to suspicions that underneath innocently worded arbitration agreements were understandings pledging governments to go to war against common enemies. The system increased the suspicions of Germany against France. Picture the feeling of a people forcibly disarmed, whose territory was occupied by Allied troops and who were surrounded by heavily armed states united by alliances. The system was certainly inconsistent with the ideals of the League of Nations. Some French writers now stated that the basis of the French thesis of security was untenable. Writers and business men said that Germany had before the war regarded France as a catspaw of

[1] *Le Temps*, April 22, 1928, p. 4.

England and of Russia, and not as an irreconcilable enemy. Germany and France could not be real enemies because the prosperity of each state depended on economic co-operation with the other.[1] Such reasoning finally led France to accept Germany's offer of a non-aggression pact which formed part of the Locarno agreements, the subject of the next chapter.

Confidence in this form of agreement and in the procedure of the League was not, however, sufficient to lead France entirely to give up her alliance policy.

Within two years after Locarno France entered into agreements with Rumania and Jugoslavia, which were, however, different from the early alliances with Belgium and Poland. In June 1926 she signed an agreement with Rumania which seems to be one of the earliest attempts to outlaw war. Both states agree not to take part in any attack or invasion against each other except in the case of legitimate defense and action taken under a decision of the League. Both states likewise reserve the right to go to war in case the Council is not unanimous in conciliating a dispute. If either France or Rumania is attacked without provocation, the two governments will agree as to respective action "within the framework of the Covenant" in order to safeguard their legitimate national interests and to maintain the *status quo* established by the peace treaties. The two governments agreed to take similar action if an attempt to modify the political status of the European countries is made, subject to the resolutions which may be taken by the Council or the Assembly of the League.[2] A

[1] Cf. Fabre-Luce, A. *Locarno: The Reality*, p. 100.

[2] Whether this includes resolutions under Article 15 of the Covenant raises an interesting question.

final article specifically states that nothing in the treaty can be interpreted or applied in a manner to injure the rights and obligations of the high contracting parties under the Covenant of the League of Nations. Rumania also signed a protocol promising not to embark upon aggressive war against Russia.

France and Rumania do not stop, however, with these reciprocal promises of aid. They agree to submit all disputes either to judicial decision or to conciliation. A permanent Conciliation Commission is set up, composed of five members. While they promise to submit legal matters to a court and accept its decision they are not obliged to accept the decision of the Conciliation Commission. If its findings are not acceptable, the question will be taken to the Council of the League, and the Covenant will apply. A practically identical convention was signed by France and Jugoslavia on November 11, 1927.

There is a mistaken tendency among certain circles in Europe and the United States to regard these recent agreements of France in the light of old-style alliances. A comparison of these agreements with the Belgian and Polish agreements negotiated immediately following the war shows what evolution has actually taken place. While the Belgian agreement is accompanied by a definite military pledge, no such pledges seem to have been made in the case of the agreements with Czechoslovakia, Rumania, and Jugoslavia. More important still, the latter agreements definitely subordinate the alliances to the obligations of the parties under the Covenant of the League of Nations and they emphasize the pacific settlement of disputes and the renunciation of war. Before France and Rumania will

even consider attacking an enemy, they will place the dispute before the League of Nations. Only after the means of settlement of disputes have been exhausted will they resort to war, and then only in case they are attacked. These agreements really supplement the rather indefinite sanctions of the League. They emphasize the settlement of disputes by Geneva rather than by force.

When one compares the occupation of the Ruhr by France—without resort to any form of international tribunal to justify her claims against Germany—with the present insistence of France upon pacific methods of procedure, it must be admitted that an advance in the original conception of French security has been made.

Free Zones' Disputes

The security question has also been at the bottom of a dispute between France and Switzerland over the so-called free zones. The Swiss city of Geneva is economically dependent upon neighboring French territory. And a number of agreements going back to 1520 provided for a customs union between Geneva and neighboring French territory part of which was also neutralized. Before 1920 trade within this Swiss-French zone was free. Part of that zone was neutralized and Swiss troops could pass through the zone to make sure that Swiss neutrality would be respected in case of European war.[1]

During the World War the French General Staff urged the termination of this neutral zone for strategic reasons. For this and other reasons the Treaty of Versailles recog-

[1] Art. 79, 92 Act of the Congress of Vienna, June 9, 1815.

nized that these zones were no longer consistent with present conditions; and after long negotiations, the two governments signed an agreement in August 1921 providing for their abolition. Switzerland's attitude toward France's demand for the suppression of the neutralized zone was affected by her position toward the League. The neutrality of Switzerland was placed under international guarantee in 1815 and she did not wish to lose this status upon entering the League of Nations. The surrender of the neutralized zone of Savoy might be interpreted as a step in this direction. Swiss fears, however, were set at rest by the action of the Council in accepting a declaration of the Swiss Government that as a member of the League, Switzerland could not take part in any military action or allow foreign troops to pass through its territory. Switzerland, however, agreed to fulfill the obligation to impose an economic boycott under Article 16. But this decision did not allay hostility to the French treaty.

There is a provision in the Swiss constitution that international treaties to run for more than 15 years must be submitted to plebiscite at the request of 30,000 citizens. This demand was made in connection with this treaty and it was overwhelmingly rejected. The strongest vote against it came from the German sections of Switzerland, especially prompted by the French occupation of the Ruhr.

Much to the disappointment of M. Poincaré, Switzerland declined to ratify the treaty. France nevertheless enacted a decree putting the treaty into effect and advancing the French customs line to the political frontier, thus wiping out the free zone. The Swiss protested

and asked for arbitration. Long negotiations ensued, until finally a more moderate government, under M. Herriot, agreed to refer to the World Court the question of whether or not the Treaty of Versailles had abrogated the free zones or whether Swiss consent to a new treaty was necessary. Meanwhile they agreed to maintain the *status quo*. Negotiations dragged on over the details of the arbitration. The Swiss Government ratified the arbitration agreement in March 1925, but the French Senate held matters up until the spring of 1928. The case was finally placed before the World Court at the Hague in May, 1928.

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CHAPTER V

THE EXPERTS' PLAN

This changing view of France as to the means by which her position in Europe might be made secure was accompanied by a marked change in her attitude towards the reparation question. In occupying the Ruhr in January 1923, France had exacted her pound of flesh and obliged Germany to surrender. She had forced German finance into bankruptcy and had brought about, or induced the Germans to bring about, the complete social and economic disorganization of the Reich. France did not however escape from the effects of the blows she administered to the enemy. The franc began to decline still further and the French people were shocked at the outburst of neutral opinion against them, and at the deepening of German antagonism. Realizing these consequences, the French people voted Poincaré out of office in the elections of May 1924.

A year earlier, Belgium had attempted to bring France and England together in one more effort to solve the reparation problem. During the correspondence that followed, the idea was advanced that a committee of experts should study the problem—an idea which had been suggested in a speech in December 1922, by Mr. Charles Evans Hughes, the American Secretary of State. Nothing

came of it for the time being because of the fiercely conflicting views of Britain and France. Germany then came into the correspondence. In May 1923, she asked that the reparation question be referred to an international body of experts. Following her capitulation in September, the British Government asked if the United States, as well as France, would participate in an inquiry to determine Germany's capacity to pay. Here was an attempt to bring the United States back to Europe, and to restore an element of relative impartiality in the Reparation Commission. The United States accepted the invitation, but France was more reluctant. She insisted that the inquiry be limited to Germany's *present* capacity to pay and that it should not reduce the total of Germany's obligations, as fixed on May 1, 1921, at 132,000,000,000 gold marks. The United States believed that any such restrictions would make the investigation worthless and declined to proceed.

Meanwhile, the French people were showing signs of impatience with the unyielding Poincaré. The financial situation was becoming more acute and outside aid seemed inevitable. The French Government was therefore obliged to shift its ground, and eventually consented to the original British proposal, couched in different terms. In November 1923, the Reparation Commission established two committees of experts from various countries, the first of which was to study the means of balancing the German budget and of stabilizing the German currency; the second was to consider the means of determining the amount of German capital exported abroad, and of bringing it back to Germany. No mention was made of Germany's capacity to pay. Nevertheless, in considering the problem

of balancing the German budget the first committee would necessarily have to consider what reparation payments the budget could make. The United States Government agreed to participate "unofficially" in the work of these committees, and appointed Owen D. Young, General Charles G. Dawes, and Henry W. Robinson for this purpose.

The committees met in Paris and Berlin between January and April 1924. The real work was performed by the first committee, which devised what is popularly known as the Dawes Plan, or more correctly, the Experts' Plan. The real authorship of this plan must be divided between Sir Josiah Stamp of England, Mr. Owen Young of the United States, and Sir Arthur Salter of the League of Nations Secretariat at Geneva. The committees drew up a plan which they submitted to the governments concerned, following which both the Allies and Germany held a conference in London in the summer of 1924 at which a number of agreements were signed carrying the plan into effect.

The first task of the experts was to determine how much the German people should be asked to pay. If the reasoning of the Armistice period had prevailed they would have declared that the German people must assume a much heavier burden than the Allied peoples because Germany had been responsible for, and had lost the war. The experts did not, however, make any such demand. They merely laid down the principle of "commensurate taxation"—that is, that taxes in Germany should at least be equal to taxes in Allied countries, and the German debt burden should be at least equal to that in Allied countries. Having

adopted this formula, the experts' committee proceeded to calculate Germany's capacity to pay. They recognized that a country's ability to pay depended upon a stable currency, a balanced budget, economic productivity and the confidence and willingness of the people to work. The committee did not believe that Germany could be economically productive nor that the people could have confidence in themselves as long as France interfered in the economic life of the Ruhr. While it was not competent to pass on the military aspect of the question, the committee believed that if the military occupation continued it should not interfere with Germany's economic activities.

Acting upon this reasoning, the committee recommended that Germany raise for the reparation account the sum of a billion gold marks for 1924-25. This sum should be gradually increased until the fifth year, or 1928-29, when Germany should raise 2,500,000,000 gold marks. Additional payments might also be made, depending on Germany's prosperity. These sums cover all amounts for which Germany may be liable to the Allies. The "normal" payments thus about equal the figure named by the Reparation Commission for immediate payment in the schedule of May 1921, two billion gold marks annually plus 26 per cent of the value of German exports.

The great difference between the London settlement and the Experts' Plan of 1924 was that the latter offered definite assistance to Germany, making it possible for her to meet these payments gradually. The committee declared that the German budget and currency should first be put in shape by means of a foreign loan of 800,000,000

gold marks. The government should surrender its right to issue paper money to an independent bank which should issue paper in accordance with the economic needs of the country. Thus inflation for political purposes was made virtually impossible.

How was Germany to meet these annual payments? In view of the necessity for financial and industrial reorganization, the committee recommended that during the first year no reparation payments be made from the ordinary government budget. The first payments should be drawn from the proceeds of the foreign loan and from interest on certain railway bonds pledged for the purpose. In the third year, the government budget should be charged to the extent of 110 million gold marks. Finally, in 1928-29 and thereafter, the budget should contribute regularly half of the total annual sum or 1,250,000,000 gold marks. In other words half of the annual reparation payments after 1928 are to be paid out of current taxes. The other half is to be paid from revenues raised by the German railways and by certain industries. The plan provides that the German Government shall issue 5 per cent bonds to the value of 11 billion gold marks, payable in 37 years, secured by railway earnings; and bonds to the value of 5 billion gold marks secured by certain industries. In addition a transport tax is imposed for reparation purposes; that is to say, the German railways and industries must assume responsibility for meeting the interest and eventually paying off the principal on these bonds aggregating 16 billion gold marks. To meet these charges German industries have an incentive to reduce costs of production, by improved efficiency and new inventions. The

railways and industries of Germany are thus asked to meet half of the annual reparation payments.

The French Government placed little faith in Germany's promises to meet these payments, and demanded guarantees that they would be kept. Until such guarantees were forthcoming, she would not evacuate the Ruhr. The Experts' Plan, therefore, embodied the principle of guarantees, but they were of a totally different nature from those that France had exacted in the past. Instead of military guarantees imposed by force they were financial guarantees based on a system of pledged revenues and international control.

By pledged revenues the experts meant certain taxes which Germany would be required to lay aside for reparation payments, and which could not be used for any other purpose until after the reparation annuities had been met. Under the plan which was put into effect, the German Government promised to set aside the revenues derived from alcohol, tobacco, beer, sugar and customs. The annual return from these revenues, it was estimated, would more than equal the billion and a quarter marks required for the annual budget payments. These revenues are not only pledged but they are controlled. That is, the Allies may appoint a Commissioner of Controlled Revenue who sees to it that the funds are properly administered and that they are actually turned over to the Reparation account. The tax rates on alcohol, tobacco, beer and sugar cannot be reduced without the consent of the Commissioner of Controlled Revenue.

Following the system applied previously in Austria and Hungary the Experts' Plan provides that the new Bank of

Issue, established to control the issue of paper money and to receive reparation payments from the German Government, shall be under the direction of a German Managing Board. But the bank itself is responsible also to a foreign bank commissioner elected by a General Board, half the members of which were to be foreign bankers. The Reparation Commission also appoints a Trustee to hold the railway bonds pledged to reparation payments and this Trustee appoints half of the Directors of the German Railway Board. The Trustee of the Reparation Commission sees to it that Germany pays the interest on the railway and industrial bonds. The foreign members of the German Railway Board appoint a Railway Commissioner who inspects the whole system with a view to determining if it is being managed so as to yield the reparation returns. As long as the company meets its interest payments the Commissioner has no right to interfere; but if it defaults for more than six months, and the government does not make up the deficit, the Commissioner may take over the operation of the railway.

Thus certain aspects of the finance and industry of Germany are placed under the control of three alien Commissioners of (1) Railways (2) the Bank of Issue (3) Controlled Revenues, and of a Trustee of Railway Bonds. Over all of these officials is the Agent General for Reparation Payments, a post held by a young American, not yet thirty-six, named S. Parker Gilbert. No great country has ever before accepted this form of foreign control over its internal financial and industrial life. Germany accepted it because it was the price of recovering the Ruhr and because it would aid her to resume her normal economic posi-

tion in the world. It is a form which encourages and guides German economic recovery, but a form which is nevertheless irksome and which will probably not endure indefinitely.

In return for this new type of guarantee France promised to withdraw from the Ruhr. But what if France should decide to return? It was agreed that investors would not loan money to Germany as long as there was fear that France would at any time disrupt German industry by a military occupation. The Experts' Plan and the agreements drawn up at the London Conference said nothing about this delicate question. Nevertheless, provisions in these agreements virtually prohibit France from taking any such action single-handed in the future. Hereafter all disputes between the Reparation Commission and Germany are to be submitted to arbitration. France or any other power cannot decide for itself whether or not Germany has failed to live up to its obligations. Even if the arbitrators decide that Germany has gone into default, no single state may proceed to punish her. When a default occurs, the agreement provides that the Allies, "acting with the consciousness of joint trusteeship for the financial interests of themselves and of the persons who advance money upon the lines of the said plan, will confer at once on the nature of the sanctions to be applied and on the method of their rapid and effective application." Such was the system devised for raising the reparation money in Germany and for proceeding against Germany in case of default.

Provision is made, as is pointed out later, for the reduction of reparation charges in any given year when the attempt to transfer these sums endangers German cur-

rency. This was a provision which made this plan more palatable to Germany.

What is involved in the transfer of reparation charges? The task of raising the necessary marks in Germany to meet the reparation requirements was not nearly as difficult as the problem of converting these marks into francs or pounds or lira, and into goods which the Allies might actually use. German marks, as such, are of no use in France or England or Italy; they are spent in Germany and only in Germany. This means that German goods—coal, iron, steel, and manufactured products—purchased by the German reparation marks must be exported to the Allies or elsewhere. In other words, Germany must export in goods or services more than she imports,—as much more as the value of the reparation payments or else make up the difference in loans. If Germany fails to build up such a balance and attempts to buy francs with marks, marks become a glut upon the international exchange market and begin to fall in value, thus unsettling the whole economic and financial life of Germany. Two distinct processes are necessary therefore to the payment of reparation; the first is to raise the money within Germany; the second is to transfer the money outside. It may be perfectly feasible for Germany to raise the money but it may prove impossible for her to transfer the whole sum to foreign countries. Thus arises what is known as the transfer problem.

The Experts' Committee did not attempt to solve the transfer problem. Again following a plan worked out by the League of Nations in the case of Austria and Hungary, the committee simply provided for the establishment of

a Transfer Committee. This body is composed of the Agent General for Reparation Payments and five other representatives appointed by the Reparation Commission. Under the plan, Germany pays over the reparation annuity to the Bank of Issue and the bank turns these sums over to the Transfer Committee. The committee is responsible for buying foreign exchange with these marks i.e. buying francs, and dollars and pounds. If Germany pays more into the bank than the committee is able to transfer, the sums will accumulate; and when they exceed five billion gold marks the reparation charges upon Germany will automatically decline until the accumulated surplus is reduced by further transfer.

At the London Conference, held in the eventful summer of 1924, Germany and the Allies signed treaties embodying these principles, fixing the reparation annuities after 1928-29 at two and a half billion marks and providing for controlled revenues, foreign financial control, a Transfer Committee and the arbitration of disputes. In a declaration of August 16, 1924, the French and Belgian Governments agreed to evacuate their armies from the Ruhr within a year after the agreement had entered into effect. This was actually completed by August 1925. France and Belgium also gave up their economic grip on the Ruhr.

There are two outstanding advantages to the Experts' Plan: (1) Disputes as to whether Germany is or is not fulfilling her obligations are decided by an impartial tribunal instead of by a single state, and (2) the responsibility for getting the reparations out of Germany is transferred from Germany to the Allies. These ideas were not

new: their realization had become possible only because public opinion had changed.

These advantages are, especially in view of past history, of great importance. For the first time a really working agreement had been devised. Hitherto the Allies had made demands upon Germany which a people without hope had no incentive to carry out. They did not attempt to live up to unworkable obligations accepted under duress—in this respect any other people would have acted in the same manner. In this sense the Germans were guilty of bad faith. The Experts' Plan did away with a past of recrimination; it was an agreement made in good faith by both parties and aimed to test Germany's capacity to pay. Germany settled down in good faith to meet its terms. The London settlement was the first negotiated agreement between the Allies and Germany since the war.

From Germany's standpoint, however, the London Agreement was not without several shortcomings. It did not fix the Reich's total liabilities; legally the London schedule calling for a total payment of 132 billion marks remained in force. If the annuities which Germany will pay in 1928-29 are capitalized at 5 per cent, the capital owed by Germany comes to only 50 billion marks. At no time, however, have the Allied Governments reduced their demands to this or to any other figure modifying the original London schedule. The Treaty of Versailles provided that Germany should discharge her reparation obligations within thirty years from March 1, 1921. The Experts' Plan provides that the German railway bonds pledged to reparation must be paid off within 37 years—an intimation that this is the time limit. Nevertheless the Allies

have never stated how many years Germany will be obliged to pay these annuities. Moreover Germany did not relish the foreign control established by the Experts' Plan. She accepted it because of the assistance which she needed at the moment and on the understanding that the control would be temporary. The experts merely declared that their purpose was to frame a plan that would "facilitate a final and comprehensive agreement . . . as soon as circumstances make this possible."

Putting the So-called "Dawes Plan" to Work

The first step putting the Experts' Plan into effect was the signature of an agreement in October 1924, providing for the loan of 800,000,000 gold marks ($190,400,000) to Germany. This loan, which will fall due in 1949, was applied to stabilize the German currency and to facilitate payment of the first reparation annuities. The bonds were issued below par so that they yielded at the price of issue 7.70 per cent. Between 1924 and 1928 the bonds appreciated $157.50 per thousand dollars. This is a striking example of the belief of the investing public in the soundness of the German financial situation and of the Experts' Plan.

After floating this loan the next step was to appoint the various Commissioners. Mr. S. Parker Gilbert was appointed Agent General; a Dutchman was named Bank Commissioner; a Frenchman, Commissioner of the Railways; an Englishman, Commissioner of Controlled Revenues; a Belgian, Trustee for the Railway Bonds; and an Italian, Trustee for the Industrial Debentures. The establishment of this new machinery from which politics has

been rigorously excluded greatly reduced the importance of the Reparation Commission and after November, 1924, its duties became relatively unimportant.

As we have already seen, the burden of meeting the annuities in the first few years is placed primarily upon the German railways and industries, rather than upon the German budget. Germans, therefore, immediately started to build up their industries by adopting a program of "rationalization" or improved efficiency. It was realized, however, that if German industry was to meet its charges it could build up an export business only with foreign financial help. During the inflation period the German Reichsbank advanced credits to the German industries which it continued even after the adoption of a new currency. But this could not be allowed to continue indefinitely without again threatening the currency system. Consequently the Reichsbank passed a credit restriction resolution which deprived German business men of internal help and forced them to turn abroad.[1] While with the exception of the Reparation loan of 1924 the central government in Germany contracted no foreign loans, between 1925 and 1927 the local governments and private industry borrowed a total of 4,354 million marks. Of this a little less than half went to German industries, the remainder being used for public and semi-public undertakings and by the German states and cities.

As a result of this "rationalization" and loan policy, German industry began to recover. By 1927 unemployment had been reduced and the number of bankruptcies had declined. The first three reparation annuities, from

[1] Kuczynski, R. R. *American Loans to Germany*, p. 3.

1924 to 1927 were met in full by the German Government. During the early part of this period the German railways made a profit but in 1927-28 they showed a deficit. The "controlled" revenues ear-marked for reparation showed an annual surplus.[1] Germany met in full the first three annual reparation payments. Except for the first annuity, which came largely from the proceeds of the 1924 loan, these payments have been borne largely by the railways and industries. In the fourth annuity, due in 1927-28, the charges upon the railways and industries reach their maximum of 1,250 million gold marks. During this year the German budget pays 500 million gold marks, but during the next year—the first normal year— it must pay 1,250 million.

Increases of the future must therefore come from the German budget. To meet these charges certain revenues have been already pledged. During the third annuity year the receipts from these controlled revenues amounted to 2,724 million marks, which is more than twice the amount to be demanded of the German budget in 1928-29.

Despite this probable surplus, grave concern over the German budget has been expressed. In a memorandum of October 20, 1927, Mr. S. Parker Gilbert, the Agent General, charged the German Government with over-spending and with over-borrowing,—a condition which was leading in his opinion to artificial stimulation and over-expansion. If these tendencies remained unchecked they would lead to severe economic depression on the one hand and to the accusation, on the other, that Germany was not living up to her reparation obligations. He particularly

[1] Agent General for Reparations Payments, *Report*, December 10, 1927, p. 33.

criticised the subsidies of the central government to the states and communes, unemployment grants and salary increases. He stated that by failing to restrict expenditures the Reich was endangering the stability of the budget.

The Agent General also criticised the loans made by the states and communes, who had borrowed as much since 1925 as German industry. The loans to undertakings related to the states and communes provided funds for many enterprises, such as electric light plants, canals, waterworks and concerns for the development of agriculture. The Agent General believed these loans were excessive and should be rigorously controlled by the central government. From January 1, 1925 to September 30, 1927 the central government exercised control over certain local loans through an Advisory Office which approved applications for loans amounting to 1,630 million marks out of 2,185 million.[1] This control was not regarded as satisfactory and in November, 1927 the Reich Minister of Finance and the states adopted some guiding principles aimed to decrease foreign loans.

In 1926-27 a dispute of a different nature over some of these loans arose, involving the "priority" question. Article 248 of the Treaty of Versailles stated that the cost of reparation was a "first charge upon all the assets and revenues of the German Empire and its constituent States" subject to such exceptions as the Reparation Commission may approve. Despite this clause, the state of Prussia advertised a loan stating that nothing in German law nor any international engagements involved any restrictions upon the acquisition by Prussia of the foreign exchange

[1] Agent General for Reparations Payments, *Report*, Dec. 10, 1927, p. 98.

requisite to meet the service of the loan. Prussia had not asked the Reparation Commission to waive the right of reparation priority, and the publication of the prospectus led to a protest from the Transfer Committee, and the Agent General. Lawyers now gave learned opinions interpreting the exact meaning of Article 248. But it soon came to be generally agreed that the question was largely academic. Reparation payments depended upon Germany's credit. Failure to meet interest on state bonds would impair Germany's credit and hence her ability to meet reparation payments. The particular issue was settled by the modification of the prospectus of a second Prussian state loan in September 1927, which quoted article 248 of the Treaty but did not venture an interpretation.[1]

With the approach of the first year of normal payments, starting in September, 1928, the question is frequently asked: Will Germany be able to raise and to transfer the sum of two and a half billion marks annually? This depends, as we have seen, upon German production and upon Germany's ability to buy foreign exchange—two separate transactions. According to figures published by German authorities, the production of iron and steel is 97.6 per cent of the 1913 figure (despite the loss of vast resources). In fact the volume of production, judging by index figures seems now to have exceeded pre-war levels, making allowances for the loss of territory. Freight traffic is greater than in 1913.[2]

[1] Cf. Boyden, R. W. *The "Priority Question"* (Foreign Affairs, April, 1928, p. 368).

[2] Reichs-Kredit-Gesellschaft Aktiengesellschaft, Berlin, *Germany's Economic Development*, p. 4.

In the first three years the German railways and industries met their reparation charges, and the "controlled" revenues out of which the budget contribution is taken are more than adequate to meet the maximum payments, which begin next year. How long this internal condition will remain depends upon the maintenance of German prosperity.

The transfer problem is not so encouraging. Instead of exporting more than she imports, Germany has had an unfavorable balance of trade ever since the war. This adverse balance is partly the result of loans. The proceeds of these loans have been used to establish German credits in New York and London banks; with these proceeds Germany has been able to purchase foreign exchange as well as import goods to develop local industries. With the annual increase of foreign borrowings, Germany's obligations will grow. In addition to meeting the payments on reparation, she must also pay interest, if not sinking fund charges, on these foreign loans. To meet these charges she may contract new loans and thus postpone a definite settlement; a process which may continue indefinitely as long as the foreign borrowers do not demand the return of their capital. The key to the reparation question therefore seems to rest in the investing capacity of the United States. If American loans should come to an end, because of an economic crisis in the United States or for any other reason, the situation would become critical unless Germany could meet her annual payments in the export of goods. At present the outside world maintains excessive tariff barriers against such exports, and such an alternative therefore seems destined to fail.

As long as Germany is able to meet these charges internally and as long as loans keep up, it is impossible to state that the present charges imposed by the Experts' Plan are impossible. Nevertheless, the Germans insist on knowing how long these payments will continue and what the definite obligations of Germany are. Likewise they demand the withdrawal of foreign control. The Agent General in his report of December, 1927 expressed sympathy with these aspirations. He quoted from the Experts' Plan to show that the scheme was viewed as a transitional measure. Mr. Gilbert intimated that the time had now come for a final settlement. He openly declared that the reparation problem could not be solved until Germany "has been given a definite task to perform on her own responsibility, without foreign supervision and without transfer protection." [1]

Within the next few years we may expect, therefore, a new conference in regard to the reparation problem. Its greatest task will be to determine the total obligations of Germany. Once the figure is named, it is probable that these obligations will be funded in a single loan and sold to private investors throughout the world.[2]

In determining Germany's obligations the Allies will be forced by public opinion to consider the debt which they owe to the United States. During the World War and the armistice period, the Allies borrowed from the United States a sum totalling more than ten billion dollars. Despite the demand for cancellation on the ground that these loans were a contribution to a common cause and that they

[1] Agent General for Reparation Payments, cited, p. 172.
[2] Cf. Bergmann, C. *The History of Reparations*, p. 322.

had been used to buy goods in the United States at abnormal prices,[1] the United States declined to cancel these debts. Instead it proceeded to negotiate agreements funding the debts and providing for their repayment over a period of 62 years. In no case did the United States reduce the capital sum owed, but in every case it reduced the current rate of interest. For some reason the United States charged the heaviest rate to Great Britain—3.3%. The lowest rate was charged to Italy—0.4%. If 4.25% is taken as a fair rate of interest, the United States, by reducing interest rates cancelled 75% of the Italian debt and 17% of the British debt.[2] If 3% is used as the cost of money to the United States, it will be found that eight out of the thirteen countries with which the United States made debt agreements are being overcharged.[3]

After 1928-29 Germany will pay in reparation to the Allies the sum of $585,000,000 annually. But the Allies during the period of maximum payments in liquidation of their obligations will pay about 67% of this amount over to the United States. If the German payments are revised downward, as many economists urge, the proportion paid to the United States would increase. Moreover the number of annuities which Germany must pay is unknown. The period envisaged by the Treaty of Versailles was thirty years. But it is unlikely that the Allies

[1] One writer states that American merchants realized a profit of 43% on the average on such goods sold to the Allies during the war. Rappoport, A. S. *The Problem of the Inter-Allied Debts* (Financial Review of Reviews, October-December, 1927, p. 77).

[2] Jones, L. W. *The United States and the War Debts* (Foreign Policy Association, Information Service, Vol. III, Supp. No. 1, p. 20).

[3] In a statement to the Ways and Means Committee of the House of Representatives on May 20, 1926, Mr. Andrew Mellon defended the 3 per cent rate.

will agree to such a figure as long as the United States holds out for payments over a period of 62 years. Until the German figure is named, European, if not world politics will remain in a state of suspended anxiety. The United States holds the key to the situation. If the reparations are to be converted from a political into a private debt, it seems as if the inter-Allied debt must also be commercialized. The next administration at Washington will have the opportunity to convene a conference to discuss reparation, inter-Allied debts, and other important political problems.

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CHAPTER VI

LOCARNO

France's invasion of the Ruhr may or may not have made the Dawes Plan possible—as to this one person's guess is as good as another's. Nevertheless Liberal and Socialist French opinion did not believe that the end justified the means, and in the elections of May 1924, Poincaré was turned out of office. Weary of a policy of force, France expressed an almost Wilsonian desire for a policy of conciliation. The Experts' Plan was one step, but there still remained the task of establishing a system which would remove the mutual hatred between Germany and France, and which would guarantee that the Rhineland would not be the scene of another war. France wished to guarantee the régime established by the peace treaties; Germany wished to prevent another occupation of the Ruhr.

For a period of four years the French had attempted to realize their aim of guaranteeing the *status quo* through the policy of alliances, outlined in a previous chapter. While these alliances marked an advance over the system followed before the war, the French had come to realize their imperfections. Premised on the likelihood of another war, and the existence of an enemy, they perpetuated an atmosphere of suspicion and ill-will. Sooner or later there

was a probability that the Allies would quarrel among themselves. Europe gradually came to realize that what was needed was a mutual self-denying pact between potential enemies and potential friends, in which each state would promise not to attack the others but to carry disputes before some form of court or conciliation body.

Such had been Woodrow Wilson's idea of a League of Nations. The Covenant provided that any war or threat of war was a matter of concern to the whole League. Members agreed that if there should arise any dispute which they could not peacefully settle between them, they would refer it to arbitration or to inquiry by the League Council. In case the Council made a unanimous recommendation the parties agreed not to go to war. If any state broke this promise the other states pledged themselves to impose an economic blockade against the offender and even take military measures if necessary. But the Council had no authority to decide what measures the member states should take.

These obligations were too vague to give France a real sense of security. Although France found a temporary substitute in alliances she soon realized the inadequacy of this policy and started a movement to strengthen the League. The Third Assembly of the League of Nations (1922) passed the famous Resolution XIV, to the effect that serious reduction of armaments could only be expected if nations received in exchange a satisfactory guarantee of safety. The Assembly asked the Council of the League to draw up plans for an agreement in which each state would promise to give "immediate and effective" assistance to the victim of an unprovoked attack. The

Council appointed a commission which eventually proposed the Treaty of Mutual Assistance. The first line of this treaty declared, "Aggressive war is an international crime." The framers found it difficult to determine the aggressor in a given case, and the treaty simply provided that within four days after hostilities break out, the Council should render a decision. Following the French thesis the treaty also empowered the Council to decide what military force a state should use to resist an aggressor. All states located on the same continent were obligated to give military aid as the Council should decide. The draft treaty authorized the signature of special alliances, subject to the approval of the League, the terms of which were operative only against an aggressor state.

This draft treaty did not meet with the approval of some governments, including Great Britain, in whose opinion it had the defects of the old alliance system, stressing the idea of force rather than that of justice. The treaty did not provide for the peaceful settlement of disputes—it did not attempt to control policies which incited to war.

Some compromise between the French thesis of security and the British thesis of arbitration became necessary. At the London Conference on reparations between Germany and the Allies, the subject was privately discussed. The two Socialist Prime Ministers, Ramsay MacDonald of Great Britain and Edouard Herriot of France, agreed that Germany should be admitted to the League of Nations and that some form of mutual security pact embodying the ideas of security and arbitration should be worked out.

The Fifth Assembly of the League opened as usual, in the staid old town of Geneva in September 1924. But the

setting was dramatic. Before the assembled delegates of most of the countries of the world, the two Prime Ministers who had brought the Experts' Plan into being vividly and earnestly presented their views as to how universal peace could be attained. Security could be realized, said Ramsay MacDonald, only when nations agreed to submit their disputes to courts of law and to abide by the decision. M. Herriot agreed that arbitration was essential, but denied that it was sufficient in itself. Suppose, said M. Herriot, that a nation violated its promises to arbitrate and instead went to war. A great nation, a strong nation, could protect itself against attack, but a small nation could not. Pascal once said, "We must join justice with might and to that end we must ensure that what is just is mighty and that might is just." England was an island with no land frontiers to defend. France was a continental power which appreciated the danger of an upset of European territorial boundaries. France did not believe that the pledged word of nations was enough. Nations, like individuals, did not always keep their word, and some system of law enforcement was essential.

The Prime Minister of Belgium, M. Theunis, expressed the same point of view. "Give us an assurance of safety and we Belgians will gladly dismiss our soldiers, but can you expect us to risk our security on words alone, again and so soon?" Had not Prussia promised in 1839 to guarantee the neutrality of Belgium?

Mr. Ramsay MacDonald did not fail to see the logic of this point of view. The famous Geneva Protocol which resulted combined Mr. MacDonald's principle of compulsory arbitration with M. Herriot's plan for security.

The preamble of this document, like the Treaty of Mutual Assistance, declared that a war of aggression was an "international crime." To prevent wars of aggression from arising, every state promised to submit legal disputes to the World Court or to some form of arbitration. So-called political disputes must be referred to the Council of the League or to a committee of arbitrators whose decision would be binding. Thus a peaceful and conclusive means for the settlement of practically every dispute between the nations of Europe and of other parts of the world belonging to the League was anticipated. In applying the principle of security, each state promised not to go to war except in self-defense and for the purpose of carrying out the commands of the League against an aggressor. The Council was not given the power to determine the aggressor; the Geneva Protocol simply declared that any state which refused to submit its dispute to some form of peaceful settlement, or which refused to abide by an arbitral decision and went to war, was assumed to be an aggressor. If State X should deliberately invade State Y without offering to arbitrate, State X automatically became an aggressor.

Once a state embarked on aggressive war, the Council of the League would call upon the states to apply an economic boycott against it; all exports and imports, all loans, and other commercial transactions would come to an end; the state would be isolated from the rest of the world; its markets would, it was believed, fall with a crash. The Protocol authorized special alliances guaranteeing mutual military aid against an aggressor, but provided that these alliances should be registered with the League.

Finally, the Protocol declared that an international conference for the reduction of armaments should be held and that until disarmament was realized, the other parts of the Protocol should not go into effect. Germany and other non-member states were invited to adhere to this agreement. By such means did the Geneva Protocol attempt to realize the three fundamental principles in international relations—Arbitration, Security and Disarmament. By such means did it attempt to reconcile the British and the French points of view. The Geneva Protocol was the most ambitious peace plan which governments had ever discussed.

Rejection of the Geneva Protocol

The hopes aroused in Geneva, however, were not to be so easily realized. Ramsay MacDonald returned to London to find that the British people did not relish the Geneva Protocol any more than the American people had relished Article X of the Covenant. The Labor Party, which did not have a majority in Parliament and depended upon the support of the Liberals, was turned out of office. The issues, it is true, were largely domestic, but the effect on the Protocol was fatal. Mr. Stanley Baldwin, leader of the Conservative Party, became Prime Minister. A stolid conservative, who has frequently been compared to President Coolidge, Mr. Baldwin and his Foreign Secretary, Mr. Austen Chamberlain, did not relish universal commitments and did not believe in universal sanctions. They had little confidence in compulsory arbitration and believed that the fate of the British Empire could not be submitted to outside judges. The British Empire, they felt,

must rely upon itself. Britain's Conservative leaders went to Geneva claiming that the Dominions would not accept the new commitments. The Protocol was dead. Thus nationalism triumphed in England as nationalism had triumphed over Wilsonianism in the United States.

But the work of MacDonald and Herriot had not been in vain. They had lifted Europe out of the atmosphere of hate which had poisoned the peoples between 1914 and 1924, and had injected a new spirit of conciliation. Geneva paved the road to Locarno.

The next move came from Germany. The Reich had been divided into two camps. There were those who declined to accept the inevitable and declined to admit that Germany had lost the war. This group plotted for revenge, bitterly opposing any policy of conciliation and cherishing the belief that Germany would be able to overturn the peace settlement if she could only form an alliance with Russia—another sister in misfortune. It advocated the policy of Eastern Orientation. The second group was frank to admit that Germany had made mistakes in the past. But it blamed the system of government and not the German people. It admitted that Germany had lost the war and must pay the penalty, but believed that without the aid and cooperation of the Allies there was no hope for the future. This group urged the policy of Western Orientation, a policy of conciliation with all states. And this was the policy which in Germany finally came to prevail.

The embodiment of this policy of conciliation was Herr Stresemann who has been Foreign Minister since August, 1923. A methodical, clear-sighted man, he worked

steadily for the rapprochement of Germany and France. He believed that once the fear of a new German attack had been removed, the Allies' view would change and the peace settlement could be revised.

The rejection of the Geneva Protocol disturbed the Western Orientation school, which had hoped to see the establishment of some such agreement to which Germany could adhere, and strengthened the extremists. But reviving an idea first advanced by Dr. Cuno, the Chancellor in 1922, and subsequently renewed on four occasions, Germany suggested that if a universal agreement was impracticable, the same result could be obtained upon a smaller scale and in an area where conflict was most feared. The Luther Cabinet in a note to the Allied Governments of February 9, 1925, suggested that France, Italy, Germany and Great Britain enter into a solemn obligation not to wage war against each other; and that this obligation should be assumed with the United States acting as trustee. The note advocated a pact expressly guaranteeing the present status of the Rhineland.

Success of the Locarno Conference

Perhaps conscience-stricken at its shabby rejection of the Geneva Protocol, England promptly expressed sympathy with the German idea. France was quick to recognize that the German proposal involved a recognition that the return of Alsace-Lorraine to France was final and irrevocable. The French industrialists, then entering into cartel agreements with the German industrialists, likewise favored entering into an agreement. But the French also

realized that Germany had offered to make no promise in regard to the frontier with Poland, which was the outstanding issue in the negotiations that now followed. At first the German Government, pressed by the parties of the Right, made the security pact contingent upon the reopening of the question of Germany's sole responsibility for the war, and the evacuation of Allied troops from the Cologne zone of the occupied area. The Allies took the position that these questions could not be included in the coming conference. By autumn, however, conversations had progressed far enough to enable the representatives of the states which had fought each other to the death between 1914 and 1918 to meet at the little Swiss town of Locarno, situated on the quiet shores of Lake Maggiore. For two weeks the representatives of Great Britain, France, Italy, Belgium, Poland and Czechoslovakia worked to bring to a conclusion the discussion of the past summer. The Allied Foreign Ministers were there, together with the German Chancellor, Dr. Luther. The conference ended with the initialing of five historic treaties.

Four of these agreements provide for the pacific settlement of disputes between Germany and her neighbors—Belgium, France, Poland and Czechoslovakia. These states agree to settle "all disputes of every kind" by peaceful means. For this purpose a Permanent Conciliation Commission is established for Germany and each of her neighbors. Each Commission is composed of five members, one from each of the states concerned. The remaining three members of each Commission are neutrals. Germany and her neighbors agree to place disputes before these Commissions. In case no agreement is reached the dispute must

be referred from the Commission to the World Court or to the Council of the League of Nations. In case the Council is unanimous in its recommendation, both parties agree not to go to war with any party accepting the recommendation. England alone did not sign an arbitration treaty.

The most important of these five treaties is the treaty of mutual guarantee which was signed by Germany, Belgium, France, Great Britain and Italy. These powers guaranteed the inviolability of the frontiers between Germany and Belgium and between Germany and France. They also guaranteed the inviolability of the demilitarized zone of the Rhineland, which extends 50 kilometers east of the Rhine. Germany and Belgium, and Germany and France mutually agreed not to attack, invade or resort to war against each other. This rule however does not apply (1) in a case of legitimate defense, or (2) in carrying out a decision of the League of Nations against an aggressor or (3) in case the Council fails to reach a unanimous decision in regard to a dispute.

The question of whether an act of aggression has occurred or whether or not Germany has invaded the demilitarized zone in defiance of article 42 and 43 of the Treaty of Versailles is placed in the hands of the Council, which apparently must act by unanimous vote except for the representatives of the parties concerned. Thus the act of aggression will have to be clear-cut in order to earn the unanimous condemnation of the Council. In case of flagrant violation, the parties may act immediately, subject to later recommendations of the Council.

While the great states of Europe gave this guarantee as

to the Rhineland frontier and while Germany abandoned all hope of regaining Alsace-Lorraine they did not guarantee the frontier of Germany with Poland or with Czechoslovakia. Germany, however, signed compulsory arbitration treaties with these two states, and on the same day France signed guarantee treaties with each of these states extending to them French aid in case of attack.[1]

From the technical standpoint, the Locarno agreements are full of loopholes. In case the Council is not unanimous or rules that a dispute involves a domestic question will Germany be free to go to war without further preliminaries? If under these circumstances Germany goes to war against Poland, may France attack Germany across the Rhineland, despite the guarantee of the Rhine frontier by the five powers? Are the Allies barred from attacking Germany in case Austria should unite with Germany without the consent of the League of Nations? What is the actual difference in status between the protection given to the western and eastern frontiers?

These technical obscurities do not mar the importance of Locarno. Its significance arises out of the spirit of conciliation in which the conference was held and the treaties drafted. The authors of these agreements were determined that a war across the Rhine should never happen again. The German view was illustrated by a speech in the Reichstag by Herr Stresemann who on June 23, 1927, declared, "There does not exist in Germany any responsible man who would be criminal enough to drag Germany

[1] Cf. Politis, N. *Les Accords de Locarno* (Revue de Droit International et de Legislation Comparée, 1925, Vol. VI, p. 713); *Der Andere Locarno-Vertrag* (Europäische Gespräche, January, 1926, p. 11); Rauchberg, H. *Die vermeintliche Hauptlucke der Locarno-Vertrage* (Die Friedens-Warte, March, 1928, p. 70).

into a war with any power whatsoever, neither in the west nor in the east."

The Locarno agreements were not a repudiation of the League of Nations. They merely supplemented the Covenant with more precise guarantees. The provisions of the German-Polish arbitration treaty are not to affect in any way the rights and obligations of the parties as members of the League. The guarantee treaty went into force only upon the entrance of Germany into the League. It cannot be interpreted "as restricting the duty of the League," to take action deemed "wise and effectual to safeguard the peace of the world." The original text of the Locarno agreements is deposited with the League at Geneva—apparently the first instance in which the League has been made the original depositary of this type of treaty. The treaties remain in force until the League Council decides that the League of Nations "insures sufficient protection to the parties." In fact Locarno was the means of getting Germany into the League.

With the possible exception of the London Reparation Conference, Locarno was the first conference following the World War in which Germany and her former enemies met upon a basis of cordial equality. This fraternity was not restricted to statesmen, it extended to journalists and permeated to peoples. The "spirit of Locarno" was symbolic of the chastened spirit which had descended upon Europe; the spirit of Versailles was nearly dead.

Locarno gave France the guarantee which she had demanded from Great Britain in 1919. But the guarantee was subordinated to the processes of arbitration. Locarno gave to Germany the guarantee that France would not

invade German territory until after resorting to arbitration—there would be no more invasions of the Ruhr.

Desirous of consulting parliamentary opinion before taking any definite action on these momentous treaties, the representatives at Locarno did not actually affix their signatures to any of the treaties. The diplomats merely initialed them and then went home to seek the approval of their parliaments.

Naturally the struggle was hardest in Germany. The Nationalist Party had warred upon the Locarno idea from the beginning, and its leaders declared that the acceptance of Locarno made it impossible to overthrow the Treaty of Versailles. The Russian statesman, Chicherin, made a visit to Germany where he worked against ratification on the ground that it would prevent a rapprochement between Russia and Germany. The combined efforts of Dr. Luther, the German Chancellor, Dr. Stresemann and of President von Hindenburg, however, finally won the day, and on November 27, 1925, the Reichstag by a vote of 271 to 174, agreed to the ratification of the Locarno agreements and to the application for admission to the League of Nations. The Allies came to the aid of German liberal opinion by beginning the evacuation of the Cologne area in November 1925. In a note to the German Ambassador, M. Briand stated that the Allies made the evacuation coincide with the signature of the Locarno agreements to prove their confidence that a new era had opened in their relations with Germany.[1]

On December 1, the Locarno representatives met in

[1] League of Nations, *Records of the Special Session of the Assembly*, March, 1926, p. 48.

GERMANY'S FOREIGN MINISTER

Gustav Stresemann

London and affixed their signatures to the agreements. The same morning the King graciously bestowed the Order of the Garter, one of the highest British honors, upon Sir Austen Chamberlain, for the part he had played in the negotiations.

Admission of Germany to the League

The next scene in the drama was staged at Geneva, with Germany on the doorstep awaiting admission to the League of Nations. It was a scene which wiped out the fine words of the last months and revealed many Allied statesmen in sorry rôles.

In the fall of 1924 Germany had broached the question of admission to the League on condition that she be granted a permanent seat on the Council and an equal status with other states in the League. Germany also stated that she could not be expected to contribute armed support against an aggressor under Article 16 of the Covenant because of her temporarily disarmed state. In pledging herself to keep her obligations she announced that she would not renew her acceptance of the "war guilt" clause in the peace treaty. Finally Germany indicated that she would expect to be given an active share in the working of the mandates system of the League—i.e. in the administration of her own former colonies. These conditions were probably advanced to satisfy the Nationalist element in Germany, which regarded the League as an instrument established to perpetuate Allied possession of the spoils of war.

In the negotiations that followed, it was agreed that

Germany should have a permanent seat in the Council. The main difference arose in regard to Germany's obligations to impose military sanctions against an aggressor. She apparently had in mind a war of Russia against Poland. Germany said that if she imposed an economic boycott against an aggressor in accordance with Article 16, it would create a state of war and subject Germany to attack. In view of the defenseless condition imposed upon Germany by the peace treaty, the German Government declared that the risk arising out of the application of Article 16 would be "unbearable." Germany stood "militarily quite impotent in the midst of a heavily armed Europe." Moreover because of her central geographical position Germany was predestined to be the scene of League wars. She did not wish to have French troops marching across her territory to Poland's defense. If Germany carried out the obligations of the Covenant she would have no means of defending herself against attack by an aggressor because of the disarmament provisions of the Treaty of Versailles. Germany therefore believed that in joining the League she should be left free to determine the extent to which she might apply the economic boycott.

Some satisfaction to the German position was given by the Locarno powers. In a note written in October at the time of the conference they declared that while they were not in a position to speak for the League, the states which they represented interpreted the obligations of Article 16 to mean that each member of the League was bound to cooperate in support of the Covenant "to an extent which is compatible with its military situation and takes its geographical position into account."

Partially satisfied, Germany waived her request for reservations and after the signature of Locarno she applied formally for membership. In February 1926, the German Cabinet issued a statement to the effect that it was of vital importance that Germany should be given a permanent seat in the League Council. It reminded the German people of the fact that, once in the League, Germany would be able to use her influence to bring about "the revision of treaties out of date." In response to the German request for admission, an extraordinary meeting of the Council and the Assembly of the League was hurriedly called for March, 1926.

It should have been a simple matter to vote Germany into the League and grant her a permanent seat on the Council. There was only one reason why this was not done —the selfishness of other powers. Spain and Brazil both firmly announced that they would not vote to give Germany a permanent seat on the Council unless their own non-permanent seats were made permanent. Since unanimity was necessary in the Council in this case, Spain and Brazil had power to block any move on the part of the other members. The demand of Spain and of Brazil, moreover, was imitated by Poland. It seems that France had promised Poland—her ally—that in return for Poland's acceptance of the Locarno agreement, France would work to give Poland a permanent seat on the Council. In this position Poland, with the aid of France and other allies, could check Germany in any move to revise the peace treaty. For weeks it seems that Sir Austen Chamberlain encouraged Spain in the belief that her demand for a Council seat had British backing.

When news of this bargaining reached Germany, the press declared that the Allies were guilty of a breach of faith. Stresemann even announced that he would not have signed the Locarno agreement had he known that the admission of Germany as a permanent member of the Council depended upon similar concessions to other states. The situation was made worse by the fact that at Geneva the Locarno powers carried on negotiations in secret, while the Assembly, which had been convened to decide the matter, did nothing but twiddle its thumbs.

The Locarno bargainers received a rude jolt when little Sweden, another member of the Council announced that it would vote against giving Poland a permanent seat. The powers then began to apply "back-stairs" pressure. One of them told Sweden that if she did not capitulate it would cancel a contract to buy Swedish telephones; another threatened to denounce a commercial treaty.[1]

The candidacy of Poland for a permanent seat was finally withdrawn, but Brazil and Spain did not prove so tractable. At the meeting of the extraordinary Assembly, Señor Mello-Franco of Brazil arose and said that Brazil's decision was irrevocable; the League should not become subordinated to Locarno but Locarno should be fitted into the League. The Assembly adjourned and the admission of Germany was postponed until the following September.

In the months that followed, a committee met to study the reorganization of the Council and to work out compromises satisfactory to all the contesting claimants. It was finally agreed that Germany alone should be given a

[1] Bassett, J. S. *The League of Nations*, p. 314.

permanent seat on the Council bringing the total permanent members to five. Hitherto the League Council had been composed of four permanent representatives—coming from the British Empire, France, Italy and Japan—and six non-permanent members, elected by the Assembly. It was now decided that the number of non-permanent seats should be increased from six to nine, and that the non-permanent members should serve for three years, subject to decision of the Assembly. Three of the nine members were eligible for re-election—a bait held out to the disgruntled candidates, Poland, Brazil and Spain. With this compromise as a working basis, the Seventh Assembly of the League met in September 1926.

On September 8, the Assembly unanimously voted for Germany's admission to League membership. The ceremony was staged in the Hall of the Reformation at Geneva and the chief actors were Herr Stresemann and M. Briand. In a restrained and dignified speech, the German statesman, on September 10, declared that the entry of Germany into the League was a fact "which indicates more clearly than any mere words or programs that the League of Nations may in very truth be destined to give a new direction to the political development of mankind." The war had wrought terrible material damage; even more important was the spiritual damage it had wrought. "There is just now a mighty stirring of ideas among the nations of the world." Nations were morally obliged to devote their efforts to peace. He hoped the entry of Germany to the League would make easier the discussion of differences arising out of the 1919 treaties.

As was fitting, the reply of the League members was

entrusted to M. Briand. In an address which moved even the most cynical journalists, he declared that centuries of war had provided glory and graves enough for both countries. The time had come for new methods. "Peace for Germany and for France; that means that we have done with the long series of terrible and sanguinary conflicts which have stained the pages of history. We have done with the black veils of mourning for sufferings that can never be appeased, done with war, done with brutal and bloody methods of settling our disputes." Differences still existed but henceforth the judge would declare the law. Representatives should come to Geneva not only as Germans or as Frenchmen, but "as citizens sharing in the universal work of the League." Every nation should devote itself "heart and soul to the League's defense. It should be sheltered from all attacks and placed above all other considerations. With the League goes Peace! Without it, the menace of war and blood from which the people have suffered too long! . . . The League is not going back; its future will be one of constant expansion. Today it has taken one step forward; tomorrow it will take another. Our presence, both yours and ours, is of great significance." M. Briand sat down amid the plaudits of the delegates from nearly every country in the world.

Such were the contrasts—France saw in the League a guarantee of peace—Germany saw in the League the hope of justice. It was an emotional scene. As later events showed, its importance should perhaps be discounted. Nevertheless, to anyone who recalled the defiant meeting of the Allies and Germany in the Hall of Mirrors at Versailles, to anyone who recalled the acrimony leading up

to the invasion of the Ruhr, it was evident that a long and toilsome journey toward the light was successfully in progress. The turn in the road had been passed.

But the League had paid dearly for the selfishness of its members. It had been obliged to increase the size of the Council, making it more unwieldly and increasing the difficulty of securing a unanimous vote. Despite this manoeuver it had not succeeded in holding the allegiance of Brazil and Spain. While Spain returned to the fold in the spring of 1928, Brazil, following the example of a neighbor—the United States, whose policy in other matters she is inclined to emulate—still remained aloof.

The admission of Germany to the League of Nations converted the latter from an organization dominated by the Allied powers who pulled the strings largely for their own advantage and to maintain the *status quo*, into a really international body in which conflicting interests were more evenly balanced. Before the admission of Germany, the petition of a German minority to the League Council for the redress of grievances necessarily received a one-sided hearing. The same was true in regard to petitions to the League of Nations from mandated territories which had formerly been German colonies, and to other matters placed before the Council. Now that Germany is present she can use her voice on behalf of German interests so that both sides may be fairly heard when questions of this sort are under discussion.

More important still, Locarno and Geneva produced a new frame of mind. A peace psychology replaced the psychology of hatred and war. Germany is no longer an outcast; she is now a member of the family of nations. One

example of the change was the visit during the 1926 Assembly of M. Briand and Herr Stresemann to the tiny village of Thoiry where, over the luncheon table, they talked for four hours about the problems between their two countries such as reparation and the evacuation of the Rhineland. While no immediate results followed from this conversation, it was an embarkation upon a new method and a promise of a new spirit whose intangible results cannot be weighed in words.

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CHAPTER VII

THE RECONSTRUCTION OF FRANCE

While the World War was fought on many fronts, its main theatre was in France. Neither England nor Germany was actually invaded, but the wealthy northern provinces of France furnished the battle field upon which millions fought for more than four years. The wreckage was appalling. One-tenth of the entire area of the country was reduced to a hideous waste. Vineyards and farms and villages did not escape the scarring fires of war. Three hundred thousand private dwellings and 6,000 public buildings were razed to the ground; 20,000 industrial establishments were ruined; 2,400 kilometres of railway and 50,000 kilometres of road were torn up; more than 2,000,000 people were forced to flee from their homes.

While the effects of the conflict were outwardly more apparent in the region of Rheims and Cambrai, the economic and social structure of the entire country was severely shaken as a result of this war. In the fall of 1918 France was rapidly approaching collapse; there were mutterings of mutiny in the army and the laboring classes were demanding bread. Immediately following the armistice there was active fear of Bolshevism. So frightened did the various conservative elements become that they

buried their differences and united in a National Bloc, which won the elections of 1919 and insured a conservative government in France until 1924.

In general, conservatives have shown themselves more hard-headed in regard to financial matters than radicals. In France, however, this did not prove to be the case. The French had won the war and their territory had been devastated. Naturally they believed that Germany should and that Germany would pay the bills as France had done after her defeat in 1871. Consequently the French Government did not take in its belt as did other governments. It did not impose any rigid program of taxation on the French people. It merely established a special budget for the reconstruction of the devastated regions, fed by the proceeds of loans, which, it was stated, would be repaid out of the German reparation. In reconstructing the devastated areas, the Government spent money freely, and in some cases, according to accusations, spent it fraudulently. It is estimated that the total cost of reconstruction in France was over seven billion dollars.[1]

Throughout the entire period between 1914 and 1926 the French Government exerted no efforts to make ends meet out of the current revenue. During this period it accumulated a deficit in the running expenses of the Government of 315,900 million paper francs. To meet this deficit the Government not only sold bonds but followed a policy of issuing short-term notes, carrying a rate of interest which rose higher and higher as confidence in the Government declined. In addition to increasing the floating debt, the Government printed millions of paper francs, the

[1] Auld, G. The *Dawes Plan and the New Economics*, p. 316.

profits from which went eventually into the treasury. As long as a citizen can take his paper notes to the bank and redeem them in gold or its equivalent, these notes will retain their par value. But when a government issues notes far in excess of the gold reserves in the treasury, and declines to redeem the paper, its value declines. This is exactly what happened in France.

During the World War the French Government, with the aid of the Allies, resorted to artificial measures to keep up the value of the franc. But after the signing of the Armistice, this "pegging" came to an end and the franc began to fall. In 1914 the French franc was worth 19.30 cents. But during and following the war the Government printed so much paper money that it steadily declined until in 1926 it reached the low level of about two cents. The effect of this depreciation on the people was extremely harmful. The purchasing power of the franc dropped much more rapidly than wages rose. Depreciation meant increased cost of living. Furthermore, the income of people living on invested savings—and there were many thousands of them in France—steadily declined. In 1914, a French *rentier*, or bondholder, with an income from investments of 10,000 francs a year had a return upon which he could live comfortably. In 1926, a *rentier* with the same income could not possibly make ends meet because the value of the franc had been reduced to almost one-tenth of its former value.

Despite warnings, however, the Government continued its policy of printing more paper money and of increasing the floating debt after the close of the war. M. Poincaré attempted to improve the situation in 1924 when he was

Prime Minister. He secured advances from American and British banks, abolished the special reparation budget, and enacted certain financial reforms. But he went out of office as a result of the Radical victory in the 1924 elections and M. Edouard Herriot, head of the Radical Socialist party, came to power with a new set of fiscal theories. The Radical Socialist party was composed of a conglomerate following, mostly from the middle-class bourgeoisie, and did not relish an unpopular taxation program. Within a period of eighteen months France had seven Finance Ministers, none of whom was able to survive long enough to achieve results. The famous M. Caillaux, who became Minister of Finance in June 1926, attempted to induce Parliament to enact higher taxes, but each time he raised the issue, his Radical supporters threatened to desert and throw the ministry out of power. Meanwhile the Government continued to increase the debt and by July the franc reached its low ebb of 48 to the dollar. The price of foodstuffs had increased and the people were becoming panicky. Talk of a dictatorship such as Mussolini had established in Italy was in the air. In the end the Radical bloc was forced to resign; party differences were buried, and all parties rallied to the support of M. Poincaré who was hailed as the saviour of the country.

M. Poincaré has been the saviour of the country more times than he can remember—he became Prime Minister in 1912, following the friction with Germany over Morocco, and he became President of the Republic in 1913, playing an important rôle in the diplomatic events which led up to the war. The country turned to him again in 1923 as the one man who could make Germany pay and it

turned to him in July, 1926, to save the country from financial ruin.

Upon taking office, M. Poincaré made no attempt to establish a dictatorship. He won the support of Parliament for all of his measures, but he did not subordinate his principles to the desire to curry favor and win votes. He frankly said there was only one way to reform and that was to vote taxes; if Parliament did not agree he would resign. In August 1926, Parliament increased taxes by more than 9,300,000 francs a year. A man with a taxable income of $2,000 in France must now pay an annual tax of $197—far higher than an American would have to pay on a similar income. While comparisons are often unreliable, it seems that the French people today are among the most heavily taxed people in the world.

For each hundred francs paid in taxes 41.5 are expended on the public debt, and 16.44 on pensions. In other words a total of about 58 out of every 100 francs goes largely to expenses incurred by the World War. The rest goes for the expenses of ordinary administration.

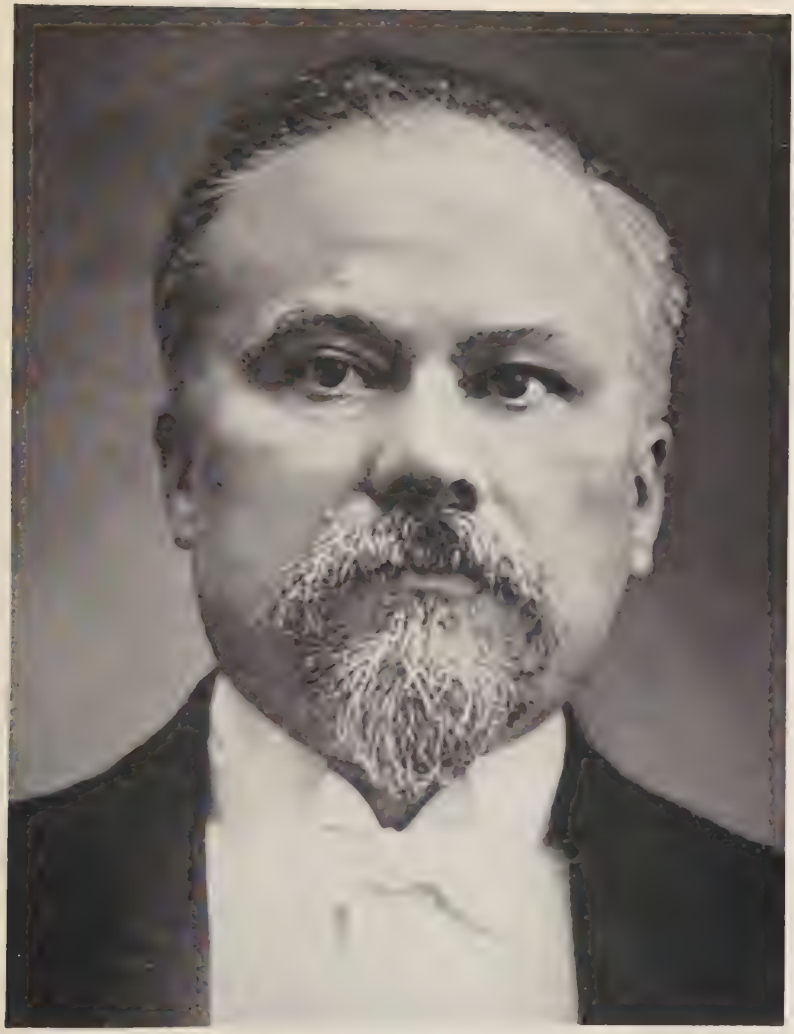
M. Poincaré also brought about sweeping reforms in the administration; he closed 227 of the local courts, 218 local prisons and 153 local treasury offices, and abolished the positions of 2,700 officers in the army. He next turned his attention to the floating debt. To handle this problem he established an Autonomous Fund Commission which set to work to pay off many of the outstanding short-term notes. The Commission consolidated and refunded other issues as they became due at a lower rate of interest. Thus the Commission reduced the rate of interest on short-term obligations in some cases from 6 per cent to 3 per cent,

and soon retired all of the one-year notes. By such means the date of paying off the principal of loans was postponed and the interest burden on the budget reduced.

As a result of these efforts the Poincaré Cabinet balanced the budget in 1926—for the first time since 1913. The 1926 budget even produced a surplus of one and half billion francs, and the 1927 budget made a similar showing. During the same period, M. Poincaré increased the value of the franc from 2 cents to 4 cents—or 100 per cent, and it has been kept at the latter figure, thus preventing the fluctuations in currency which are so devastating to business enterprise.

M. Poincaré was in office a little less than two years before the country was required in the elections of April 1928 to pass upon these policies. It was generally recognized that he had restored the finances of the country, and yet many complaints were made. The Radical Socialists, the largest party in the country, which had handed over office to M. Poincaré and which was perhaps jealous of his success, grumbled that he had fastened a too heavy financial burden on the present generation. The debt should not be paid off so quickly; something should be left for the future generation. In October 1927, the party had voted to withdraw its support and thereafter M. Poincaré's position became precarious. But the people of France vindicated his policies in the election in the following spring returning a Chamber of Deputies pledged to the continuance of his policies.

It took France ten years from the close of the World War to straighten out her finances. Other countries did



THE SAVIOR OF THE FRANC

Raymond Poincaré

not take this length of time to put their houses in order. What was the cause of the French delay? The first reason has already been mentioned; the French people clung with remarkable tenacity to the belief that Germany possessed a mint of gold and that Germany would be required to pay. The political characteristics of the French people are also partly responsible. France, like England, has a parliamentary form of government in which a Prime Minister is responsible to Parliament. If Parliament votes against the ministry it must resign. But there is an important difference between the French and British systems of parliamentary government; in England there are only three major parties represented in Parliament and the ministry can count on a relatively stable majority. In France there are ten or eleven different parties or groups, and a Prime Minister must rely upon the combined support of half a dozen groups for a majority. If one of these groups,—it may only have ten members—deserts the ministry, the balance is upset and the ministry falls. As a result, French ministries are timid; they cannot lead their majorities as do the British Cabinets, and under ordinary circumstances they have not dared to impose drastic measures to which even a minority is opposed. This political situation hamstrung every cabinet in France until the advent of M. Poincaré in 1926. The situation was overcome at that time by the courage of the new Prime Minister and by the suspension of party feuds.

A third reason which explains the French delay in financial reconstruction is that France, unlike England or even Germany, is primarily a self-sufficient country. Most of its needs can be fulfilled from within, and the confusion

caused by a depreciated and fluctuating currency is not nearly as great, therefore, as is the case when the very existence of the country depends upon foreign trade. There has been comparatively little foreign pressure to oblige France to bring about currency reform.

Despite the threatened financial crisis, which is now happily passed, the French economic situation has remained relatively sound. People work and they have produced. French exports are greater today than in 1913. The devastated areas are practically restored—the population in these areas is nearly as large as it was in 1914. The cotton, linen, woolen and jute factories are working full blast and their products are now even entering into competition with English products. Silk, lace, fancy goods, and motor cars are all being produced in large quantities. Antiquated business methods are being improved.

Notwithstanding its financial worries, the Government has aided the economic development of the country. It is building a canal system and it is harnessing water-power. Some of the railways are being electrified; aviation is making great progress—air lines now connect France with her African colonies. These economic developments should not, however, be misinterpreted. The war left an imprint upon France which cannot easily be erased. Nearly half of the younger generation—the men between 19 and 32—were killed and the effect upon the economic and social life of the country is bound to be felt during the next half century. The Government has relieved the strain of military conscription to a certain extent by reducing the period of compulsory military service from three years, as it was in 1914, to one year.

The Problem of Alsace-Lorraine

While France has taken many steps to solve her financial problems, there are other problems which have not yet been entirely met.

The World War bequeathed to France the problem of Alsace-Lorraine. These provinces, having a population of about 1,800,000, present the curious situation of a region where the dominant language is a patois closely related to German, although the inhabitants regard themselves as French. At the close of the war of 1871 Germany forced France to surrender these provinces despite the vigorous protests of the local population. In 1914 the French Government assured the Alsatians that upon their return to France at the end of a successful war their traditions and customs would be respected. These promises were repeated in 1918.

Nevertheless France has experienced difficulties with the people of these provinces which have not yet been solved. Under the German régime, Alsace-Lorraine was treated as a single unit and in 1911 given a local legislature having considerable power. The overwhelming Catholic sentiments of the people were respected. While France divided up the province into three departments in 1919, she recognized the desirability of maintaining the local traditions of Alsace-Lorraine by appointing in 1918 a Commissioner-General to govern the provinces. But the Landtag was ignored and the Strasbourg Municipal Council suppressed. French officials, who knew no German, were sent to govern the district. When the Herriot Government came to power in 1924, the Cabinet declared its intention to wipe

out the last differences between the provinces and the rest of France. The Commissioner-General was withdrawn, and administration centralized in Paris. The Herriot Government also attempted to introduce drastic changes in the educational system of the provinces designed to decrease the influence of religion. The vast majority of the people of these provinces are Catholic; and under a Concordat with the Vatican, the salaries of the clergy have been paid by the local government. Moreover children were sent to different schools, according to the religion of their parents, where they were given religious instruction. To the French Radicals this system was contrary to freedom of conscience. It meant that children of freethinkers would be barred from the schools and that all school teachers had to profess some religion. Consequently the Herriot Government attempted to abolish it in favor of the French system of education, from which all religion is excluded. But Catholic children in Alsace and Lorraine went on a strike and M. Herriot was obliged to compromise. He finally agreed to a system under which children would be sent for ordinary academic work to a single school regardless of their religious faith, while for religious instruction they should be separated. He also agreed that after the first two years children might study German three hours a week, but during the first two years they must study French exclusively.

These concessions did not satisfy some of the Alsatians who organized a *Heimatbund*, or Home League, in May, 1926, which demands complete autonomy for the provinces and priority for the German language in the schools. In November, 1927, the French Government suppressed

three German language newspapers in the provinces which had been advocating the autonomy movement on the ground that they were working for the union of the provinces with Germany.[1]

On May 1, 1928, the trial of fifteen alleged conspirators opened at Colmar, among the defendants being two Alsatians just elected to the French Chamber of Deputies. They were charged with plotting to overthrow the French Government and four were convicted, including one deputy sixty-five years of age. They were sentenced to one year in prison and four years' banishment. Shortly after the trial started Prime Minister Poincaré went to Strasbourg where he delivered a speech stating that Germany should look upon Alsace-Lorraine as a bridge between France and Germany. In a speech at Metz he declared that France would never consent to the creation of a neutral or autonomous territory. At the same time he declared that France had promised to preserve the educational and religious customs of the provinces and that promise France would keep.

These protests have raised the whole question of the overcentralization of the French Government. The Minister of the Interior at Paris wields a powerful control over local government. Even if a peasant wants to build a fence along a public road, he must first consult with the Paris authorities. Administrative centralization and governmental bureaucracy have long been criticized in France, and Alsace-Lorraine is bringing this criticism to a head. It may lead to reforms furthering the decentralization of authority as the regionalist movement hopes it will.

[1] Cf. *Le Temps*, Nov. 26, 1927.

Indirectly, at least, Alsace-Lorraine has reopened the question of Church and State in France. The status of the Church in Alsace-Lorraine is regulated by a Concordat under which the Government agrees to pay church salaries and under which the Government has a veto power over the appointment of bishops. This system prevailed in France before 1905. But in that year the French Government, at the end of a long feud, terminated the Concordat with Rome. The Church controversy has divided France between Clericals and anti-Clericals, the latter rôle being assumed by the Radical parties.

With the return of Alsace-Lorraine to France, the question arose whether or not the French Government should respect the Concordat regulating the relations of Alsace-Lorraine with the Vatican. In view of the religious sentiment in these provinces and of the growing political influence of the Vatican, the French Government decided to do so and even to resume diplomatic relations with Rome. In 1921 the French Government appointed an ambassador to the Vatican while it allowed some of the old anti-clerical legislation, excluding Catholic congregations and other matters, to go unenforced. Disturbed by this tendency, the Radicals made anti-clericalism the election cry in 1924, and in January, 1925, the Chamber voted to suppress the embassy to the Holy See in favor of an agent who would confine himself to looking after the religious interests of Alsace-Lorraine. The opposition proved too strong, however, and a French Ambassador is still at the Vatican today.

In return, the Church has thrown its influence in favor of the republican parties as against the monarchists. The

leading monarchist party in France, *L'Action Française*, has boasted of its Catholicism, but because of the extremist writings of its leaders, the Church in 1927 and 1928 practically excommunicated the Catholics who insisted on adhering to the party.[1] In December 1926 the Vatican and France signed agreements in which Rome promised that in the churches of the Near East, certain "liturgical honors would be paid to France on Christmas, Easter and Pentecost, provided the government maintains diplomatic relations."

The Decline of Population

A third problem of a different, and in the eyes of many Frenchmen, a more serious nature, is that of population. In 1921 the population of France was estimated at 39,000,000—400,000 less than in 1911. French families are small. The nineteen members in a recent Cabinet had a total of only twenty-two children among them. The French fear in regard to population is closely associated with the problem of security. France's population is stationary while Germany's population is increasing rapidly. France fears that she will eventually be overwhelmed by the teeming populations across her borders. From the industrial standpoint, she does not have a large enough population to man her factories.

On the one hand France has sought military alliances and has conscripted colonial troops to compensate for this declining population; on the other, the Government has encouraged the creation of large families by the payment of various subsidies. The Catholic Church also teaches that

[1] Cf. *L'Action Française et le Vatican*, Paris, 1927.

artificial control of population is a sin. None of these efforts so far have produced any results. It seems that more satisfactory results could be reached by reducing the French death rate, which in 1926 stood at 17.5 per thousand in comparison with 11.7 for England and also for Germany. The birth rate of England in 1926 was lower than that of France (17.8:18.8) but the English population registered an increase of 240,000 because of the low English death rate, while the French population increased only 52,000. There is room for much improvement in French public health. Except for the military fear of Germany, the Frenchman sees no reason why he should sacrifice his standard of living and his own comfort in order to support a large number of children. In the family as in industry he believes in quality rather than quantity. France is the one important country in Europe which does not have to worry over the fact that population increases faster than food supply.

Just the opposite situation is developing. In order to meet the existing labor shortage 3,000,000 aliens have migrated to France coming largely from Italy and Poland. Their presence has created a number of social problems. France is now attempting to assimilate these peoples, and there are Frenchmen who feel that notwithstanding the high assimilative powers of French culture the task is overwhelming and that this alien mass may endanger French civilization. In August, 1927, the French Government put in force a new nationality law designed to facilitate the naturalization of these aliens. This law reduces the period of residence required as a condition of naturalization from ten to three years. One of the disputes between the French

and Italian Governments is over the question of whether or not Italians working in France should lose their Italian citizenship.

Such are some of the problems with which France has been confronted since the World War. For a time France labored under the delusion that the defeated powers would solve some of these problems for her. She soon learned, however, that no nation, victor or vanquished, could escape from the scourge of that war. Difficult as the load has been, French democracy has stood the strain. It has proved again that among the nations of Europe, France is one of those which has the greatest endurance.

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CHAPTER VIII

IS ENGLAND DONE?

WITHOUT any doubt England is one of the most remarkable countries in the world; remarkable because of her contributions to political liberty and to the science of government; remarkable because of her vast imperial system which is attempting to reconcile local autonomy with imperial needs; remarkable because of her powerful export industries, her shipping and her vast investments which penetrate throughout the world.

Paradoxical as it may sound, while Great Britain is powerful, the British Isles literally hang over the precipice of starvation. Their area is less than that of Pennsylvania—yet nearly 38,000,000 people are crowded into the cities and towns and villages throughout the land. Obviously English farms cannot feed this population. Only six per cent of the people engage in agriculture, and the remainder work in the enormously large coal mines, in factories, in shipping enterprise. Great Britain exports manufactured products and coal throughout the world. In return she buys foodstuffs and raw materials. Britain lives upon these exports and upon the interest on billions of pounds of foreign investments, and upon returns from the British merchant marine, which is the largest in the world.

Although Great Britain is interested in Europe, she is interested even more in the extra-European world. She is the mother of five dominions,—of South Africa, Australia, New Zealand, Newfoundland and Canada, and of the self-governing Colony of Rhodesia—and she is the foster-parent of Ireland. India, great tracts of Africa and a large part of the Pacific are subject to her rule. While there are only 38,000,000 people in Great Britain, there are 400,000,000 people in the British Empire. Yet the burden of defending and maintaining the vast Empire is ungrudgingly borne by the people of the British Isles.

From the economic standpoint, the World War dealt a heavy blow to Britain. True, she had no devastated areas —none of her cathedrals were destroyed, nor were her cities seriously bombed. Nevertheless she lost a vast amount of her oversea trade—the source of subsistence of her people—and she expended untold blood and fortune in the Allied cause. In 1914 the Government paid 24½ million pounds interest on the national debt; in 1921 it expended 349½ million, the increase being due to the war. Of the 9,500,000 men contributed by the Empire to the Allied cause, more than 3,000,000 were killed or wounded, most of them coming from England. Nine million tons of British shipping were destroyed.

While the World War thus destroyed a vast amount of capital, it also undermined the source of British income. Markets abroad were destroyed. Germany, which had been one of England's best customers, was bankrupt and the markets of central Europe and Russia were impoverished. New competitors were arising to take away remaining markets. The vast industrial output of the United States,

crowding into the markets of Europe and Latin America, the output of Japanese mills, crowding into China and India, encroached upon trade which the British had formerly enjoyed.

The most visible result of this situation was unemployment. Since the war the number of unemployed in England has ranged between one and two million annually—a larger number proportionately than in any of the other important countries of the world. This unemployment, together with the crushing public debt has placed an excessive burden upon the English people. In one sense the burden is more difficult than the burden of France. The vast majority of the French people can find a livelihood in domestic industry and agriculture, whereas Britain is vitally dependent upon foreign trade. During the last ten years the outlook for restoring the purchasing power of former customers and of competing against new manufacturers has become so desperate that many people have asked the dismal question, "Is England done"? Can she hope to provide her 38,000,000 inhabitants with the wherewithal to exist? Or will Englishmen emigrate and the population decline?

Unlike some of the continental countries, Great Britain did not at first tackle the industrial problem; her first concern was to put her finances into satisfactory shape, in the hope of retaining the financial and commercial leadership of the world. In 1920 the British Government, through the imposition of heavy taxes, succeeded in balancing the budget; in 1925 it returned to the gold standard—a step which placed the value of English money at what it was before the war, but which was criticised by

exporters as making the sale of British goods in cheap money markets difficult. In the long run, however, the Government realized that if people were to pay these heavy taxes, their means of livelihood must be restored.

To provide temporarily for the emergency, the Government adopted an Unemployment Insurance scheme, called, perhaps unfairly, the Dole.[1] The Government also resorted to emigration schemes, in which it encouraged people by subsidies of one kind or another to settle in the Dominions. So far, however, this plan has not been a success; relatively few Englishmen have taken up their residence abroad.

Ever since the repeal of the Corn Laws in 1846 British Governments had followed a free trade policy, selling in the best markets and buying in the cheapest. Neither Liberals nor Conservatives had disturbed by protective tariffs the trade processes upon which the very existence of England depended. But at the end of the World War some Conservatives revolted against free trade. The Tories pointed out that while Great Britain placed no impediments in the path of foreign imports, all of the countries of the world were erecting excessive tariff walls against British products. In other words, free trade was a one-sided arrangement which benefited foreign countries to the injury of Great Britain. To their mind, the British Empire was sufficient unto itself, and they advanced a scheme called Imperial Preference—within the Empire trade should be free, or duties at least should be low. But

[1] *Industrial Transference Board Report*, Cmd. 3156 (1928) p. 36. Workmen contributed one-third of the total cost of the scheme out of their wages and no unemployed workman could draw benefits unless he satisfied rigid conditions.

the door to the outside world should be closed by high duties. Great Britain should as soon as possible put an end to its dependence on foreign countries.

The question whether or not free trade should be abandoned became an issue of party politics. The Liberal and Labor parties favored the continuance of free trade, believing that England had more to gain by trade with countries outside the Empire than with those which were within it. Many of the Conservatives, on the other hand, favored protection. To understand subsequent developments it is necessary here to discuss the British political system for a moment.

Great Britain is administered under a parliamentary system in which the actual government of the country is in the hands of a Prime Minister and Cabinet responsible to Parliament. When Parliament disapproves of the Cabinet the Cabinet must resign. The system proved very successful as long as there were only two parties. Such was the situation prior to the war; at one election the Conservatives would win a majority, at another, the Liberals. For the greater part of the war period, Great Britain was governed by a coalition formed of the two traditional parties under Lloyd George. Although the Labor party and a branch of the Liberals deserted the coalition in 1918, Lloyd George won the election of 1919 and remained Prime Minister until October 1922, when the Conservatives deserted the Cabinet. The King thereupon asked Mr. Bonar Law, the Conservative leader, to become Prime Minister.

As a concession to the Conservative demand for protection, the Lloyd George Government had enacted the Safeguarding of Industries Act in 1921, the first protectionist

measure adopted in England since the Cobden reforms in 1846. This act imposed a protective duty of 33⅓ per cent for the benefit of certain key industries the maintenance of which was considered "indispensable in the event of another war." It also provided for a system of taxing imports from countries having a depreciated exchange. The House of Commons reluctantly accepted the bill on condition that the measures could be applied only after the recommendation of the Board of Trade acting on the complaint of the interested parties, and after a favorable vote in the House of Commons.

Despite the wishes of many of his followers, Mr. Bonar Law did nothing further to pursue the protectionist goal. A strong reaction had taken place against the Safeguarding of Industries Act, and a period of depression continued which, in his opinion, made any experimentation dangerous. Ill-health forced Mr. Bonar Law to resign in 1923 and he was succeeded by another Conservative, Mr. Stanley Baldwin, a man who inspired confidence but who was lacking in the originality of some of his predecessors. In October 1923, Mr. Baldwin announced his belief that unemployment was the most critical issue facing the country and that the only way of fighting unemployment was by protecting the home market. The Safeguarding of Industries Act did not in his opinion go far enough. In order to gain the approval of the country for further protection, the Conservatives decided to dissolve the House of Commons and hold an election on this issue. The election, held in December, 1923, was bitterly fought on the issue of protection versus free trade—and free trade won. The Conservatives lost 86 seats in the House of Commons.

Although the Conservatives still maintained a bare majority of seats, the country had definitely repudiated protectionism; on January 21, 1924 the House voted lack of confidence in the Baldwin Ministry, and the latter resigned.

Unlike the situation before the war when there were only two important parties in the House, the situation was now complicated by the presence of a third group, called the Labor party. This party was a product of the growing industrial discontent in England and championed the belief that wealth had not been equitably distributed. Under the leadership of Mr. Ramsay MacDonald, the Labor party stood for a moderate Socialist program and drew its support from the laboring classes. It had won 191 seats in the last election in comparison with 151 seats for the Liberals, led by Asquith and Lloyd George.

On the resignation of the Baldwin Cabinet, the King requested Mr. MacDonald to form a Cabinet—the first Labor Cabinet formed in British history, though undoubtedly it will not be the last. Mr. MacDonald is a Scotchman of humble origin. He is not an Oxford or Cambridge man. Self-educated, he gradually built up the reputation of being one of the most intelligent students of politics in England. He was one of the founders of the Parliamentary Labor Party and made that party a force by uniting the intellectual Socialists and the trade unionists. His career was powerfully aided by his wife, the daughter of a distinguished English professor. Ramsay MacDonald was a pacifist and opposed the entry of Britain into the war—accepting a prison sentence in preference to abandoning his principles. In 1924 he came into his own

and chose a strong Cabinet composed of such intellectuals as Sidney Webb, trade union leaders like Arthur Henderson and liberal aristocrats like Lord Haldane, who attended state functions with the King and Queen—a striking illustration of the democracy of the British system. The Labor Government did not have a majority in the House of Commons, however, and was obliged to depend upon the Liberal party for support. To a large extent, therefore, Ramsay MacDonald's hands were tied. Nevertheless the MacDonald ministry will be remembered by posterity for its achievements in the field of foreign policy and of international conciliation—a matter which we have already discussed. The party was obliged to waive its demand for the capital levy on wealth and other radical measures. The Chancellor of the Exchequer, the man responsible for British finance—was Philip Snowden—a brilliant student and the ablest debater in the Labor party, although a permanent invalid. Mr. Snowden regarded the elections as a definite defeat for the protective tariff idea; and he framed his budget accordingly.

The MacDonald Government lasted only until October 1924. The ostensible cause of the defeat of the Labor Government was its abandonment of the prosecution of a communist editor, charged with inciting the soldiers to mutiny. When the House passed a vote in favor of prosecution, the Government dissolved it, and called a new election. It was during this election campaign that the famous Zinovieff letter was published, with such damaging results to the Government. Partly as a result of this Communist episode, the election resulted in an overwhelming Conservative victory. Although the Liberal and Labor

parties polled a greater popular vote than the Conservatives, the Tories were returned with a majority of 200 in the House of Commons, and the King again asked Stanley Baldwin to form the Government.

Mr. Baldwin had promised in the election campaign not to bring in protection as a general measure. But pressed by the British industrial interests, he announced in December 1924, that new legislation would be introduced to "safeguard" employment. He worked out a plan reviving in a modified form the old system of safeguarding essential industries. The Opposition declared that any such legislation was a violation of past pledges and a "back door" step toward general protection. Despite this objection, a Conservative majority approved the plan, which continues in effect. At present an industry which wishes to have protective duties imposed applies to a committee of the Board of Trade. The report of the committee is then sent to Parliament and if the proposal is approved, the duties are authorized in the Finance Bill. Altogether it is estimated that such protection is extended to industries employing 600,000 laborers.

Thus one of the most important effects of the World War in Great Britain has been the partial abandonment of free trade in favor of protection. There are many observers who believe that this abandonment is only temporary. England is too small a country to consume the products of her own factories. If she is to sell her products abroad, she must facilitate and not obstruct foreign trade. She no longer has control of Dominion tariffs. The Dominions may erect tariffs against British as well as foreign goods. Any protectionist move in England, based on the

assumption of imperial free trade is not likely to find sympathy in the Dominions and may lead to ill will from foreign powers thus subjected to discrimination.

The Coal Crisis

While the condition in many British industries has been serious, that in the coal industry, which employs more men than any other industry in Britain except agriculture, has been most serious of all. One-twelfth of the people of the country are dependent upon coal, which is the basis of the iron and steel, shipbuilding and engineering trades—in fact of the whole industrial life of Great Britain. Coal provides four-fifths of the volume of British exports and one-tenth of the value of such exports. In 1913 Great Britain exported ninety-eight million tons. But in 1920 exports had fallen to forty-four millions—less than half the pre-war total. In 1925 Germany consumed some six million tons less of British coal than before the war, Russia, thirteen million tons less, and Italy had drastically reduced British purchases because of the development of hydro-electric power. With the decline in markets, mining dividends fell off, and the owners sought relief in longer hours and lower pay for their mining employees. In retaliation, the labor organizations threatened to call a strike which would have paralyzed the industries of the nation. In order to prevent the mines from closing down, still further increasing unemployment, Parliament voted in August 1925 to subsidize the mining industry so as to prevent a reduction of wages.

The Government next appointed a Royal Commission

headed by Sir Herbert Samuel to make a thorough survey of the coal industry. In its report issued in March 1926, the Commission recommended national ownership of the mines with private management and operation under Government lease. It declared that the general reorganization of the industry with the closing of some collieries and the amalgamation of others, was necessary if it was to survive. Pending such reorganization, it was economically impossible to maintain existing wages; they should therefore be reduced. The Commission regarded the subsidy to the industry as indefensible, and recommended that it should come to an end at once. While negotiations between the mines and operators were in progress, the operators notified the unions that the existing wage agreement would come to an end on May 1. The unions resented this action and, despite the personal intervention of the Prime Minister, the miners walked out on strike. The leaders of the trade unions concerned notified the Government that henceforth they would have to deal, not with the miners alone, but with the whole of organized labor, through the Trades Union Congress. A general strike of all transport workers was called on May 3, 1926. Its avowed purpose was to tie up British industry so that public opinion would force the mine operators to give in to the labor demands. The General Strike which England had dreaded ever since the Armistice had at last come.

A general strike on the tiny, compact British Isles is a much more serious affair than a general strike in France. It means that hundreds of ships lie idle in the harbors while their precious food cargoes, upon which the life of England depends, remain in the holds beyond the reach

of the populace. The 1926 emergency was met with despatch and precision. King George immediately proclaimed a State of Emergency, providing the Baldwin Government with almost dictatorial powers. Hundreds of thousands of volunteers sought to keep the trains and industries in operation. Special constables to the number of 250,000 were enrolled to give these volunteers protection; troops and warships were moved to critical positions. Die-hard Tories fulminated against the unions, declaring that the strike was unconstitutional; a judge handed down a decision calling it contrary to law. The labor leaders declared that there was nothing revolutionary about the strike; they were ready to negotiate at any time to obtain a settlement which would consider the crying needs of the workers as well as of the country as a whole. The remarkable feature of the general strike was the excellent spirit on both sides.

The general strike lasted nine days. It came to an end on the understanding that negotiations over the wage question in the mines would be resumed. The negotiations proved unproductive, however, the coal miners still refusing to return to work and the operators refusing higher wages. Meanwhile, producers attempted to break the strike by importing coal from the United States and Germany. To prevent this, the International Miners' Federation, in a special meeting at Brussels in June 1927, pledged themselves to prevent coal entering Great Britain from European countries.

Having dragged out a weary course of 29 weeks, the coal strike was officially abandoned on November 19; the miners had lost. Hunger forced the men back to work and

in most cases hours of work were lengthened. The recommendations of the Coal Commission were not carried out and the problems confronting this essential industry still remain to be solved. Meanwhile the coal miners are sullen and discouraged. It is the general opinion that they would have fared better had their leadership been more intelligent. Even the Trades Union Congress was antagonized by the extremist tactics of "Emperor" Cook, the miners' secretary.

The general strike threw a genuine fear into the hearts of part of the British public. They were outraged that any group of workers should jeopardize the existence of a whole nation. Never again, said the Conservatives, would John Bull permit a Socialist or Bolshevist minority to seize him by the throat. Animated by this feeling and taking advantage of the prostration of labor, worn out by its long struggle, the Conservative Government introduced anti-strike legislation. The Trade Disputes Act of 1927 declared a general strike illegal; and also sought by indirect means to prevent intimidation of strike-breakers. Hitherto the law had allowed the trade unions to collect from their members' wages a certain percentage as dues for the political chest of the Labor party. Members had a right to protest against it but few took the trouble to make the necessary declaration. The present act prevents such collection from being made except after a positive declaration by the individual concerned. It is thus a blow at the Labor party. The passage of this act was accompanied by great bitterness one Labor leader calling it a "declaration of war on the whole labor movement." The Labor party has pledged itself immediately to repeal the act when it again

comes into power; in the meantime its provisions will be tested in the courts.

While the Conservatives dealt a heavy blow to the labor movement, as evidenced in the collapse of the general strike and the passage of the Trade Disputes Act, they did little to solve the industrial and social problems confronting England. Since the armistice the volume of British exports has never been more than 75 per cent of the exports before the war. The decline has come particularly in the industries dependent upon coal—the iron and steel, the cotton, wool and machinery industries. Perhaps the fundamental reason for the backwardness of the "coal" industries is that the place of coal in world industry is coming to be taken by oil and electricity, and in these two products Great Britain is poor. Englishmen are coming to realize that industrial reorganization and the development of new industries are necessary if Britain is to keep its place in the industrial world.

While exports are less than before the war, they will increase with the revival of European markets. And despite the temporary reduction of exports, the imports of England are larger than in 1913. This would seem to indicate that the standard of living of England has been maintained—a standard which has always been higher than on the continent. But how do the English people pay for these imports which in 1927 exceeded exports to the extent of 392 million pounds sterling? They pay for them today as they did before the war, by "invisible exports,"—by the profits of the merchant marine, by commissions, discounts and other services in connection with financing foreign trade, and by returns from foreign investments. As long

as people can save and keep up foreign investments, these "invisible" exports will pay the deficit in England's food bill.

Political Realignments

Economic considerations have inevitably predominated in British politics during the last few years. Nevertheless, there have also been political and religious developments of vital interest. Perhaps the most significant is the break-up of the Liberal party and its replacement by the Labor party. The break-up of the Liberals is due in part to division of leadership. One branch of the party still acknowledges the supremacy of Lloyd George, for whose position a bulwark is provided by the revenues from a fund placed in his hands by political friends. Although the other branch of the Liberals has little use for the shifting Welshman, they have not produced a leader to weld the party together. The party has also declined because of uncertainty as to what constitutes Liberal principles. When in power Liberalism did nothing to stop the World War or to check the course of British imperialism. Its thunder and its courage was soon stolen by the Socialists, whom the Liberals did not have the boldness to follow. Men of convictions naturally gravitated either to the Conservative party on the Right or to the Labor party on the Left. The Labor party is now one of the two major parties, and it has already tasted the fruits of office. Although it was in power only nine months, its succession was of great political significance—it marked the end of the monopoly of government formerly enjoyed by the privileged class, and the rise of the working man. During this brief period the

Labor party showed a high degree of political competence, which relieved the anxieties of those who had feared the "collarless" class. Nevertheless for the time being, England has departed from the two-party system and runs the danger of falling into parliamentary difficulties similar to those which confront France and other countries burdened with a multiplicity of parties. Some prophesy that the Liberal party will disappear, its conservative members going to the right and its radical members entering the Labor fold. Others, however, state that the Socialists are really Liberals.

Due to the loss of several million men during the war, the women in England today outnumber the men. This has strengthened the political and economic influence of women, and at the same time has led to the fear that they may gain a preponderance of political power. This fear was illustrated in the Parliamentary Reform Act of 1918 which granted the vote only to women over thirty years of age, and abolished the property qualifications for men. It was not until March 1928 that the Government summoned up courage to enfranchise all women over 21. A number of women are members of the House of Commons and take an active part in politics.

In addition to the franchise, another constitutional question confronting Great Britain has been the status of the House of Lords. The Parliament Act of 1911 had deprived the House of Lords, a body composed largely of elderly hereditary peers, most of whom were wholly uninterested in political affairs, of its veto power over bills. Thereafter the House of Commons could enact during the course of a single session financial legislation which did not

meet with the consent of the Lords, and could enact other legislation without their consent after a delay of two years. The Conservatives have never felt kindly toward this shearing of the Lords' power. Entrenched behind the solid majority of the Baldwin Government, they attempted to resurrect the House of Lords as a bulwark against the oncoming wave of Socialism. On June 20, 1927, the Government introduced a plan for the reorganization of the House of Lords that provided for the reduction of its members from 800 to about 350, some to be appointed by the Crown for life and others to be elected by the hereditary peers. A joint committee of the Lords and Commoners should decide whether or not a bill was a financial bill—a power now exercised by the Speaker of the House of Commons. Through this committee the Lords might, it was believed, regain control over finance, which long had been recognized as a prerogative of the Commons. By taking away the King's right to create peers in time of deadlock, the plan also strengthened the Lords' independence. According to a Liberal manifesto, such a system might force the nation to choose between an uncontrolled hereditary chamber and revolution. So strong was the opposition that the Government was obliged to reduce its ambitious plans and no action upon the modified program has since been taken.

The Established Church

To Americans, the system of Church and State which prevails in England seems anomalous. The government still supports a State Church—the Anglican church; and

the Anglican faith is the official religion of the realm. The Archbishops of Canterbury and of York, together with a number of bishops, sit in the House of Lords and are appointed for life by the government. The organization of the Anglican church is based upon acts of Parliament. In 1919 the Church of England Assembly (Powers) Act was passed. This act authorizes a clerical assembly to pass resolutions which bind the church if approved by Parliament. It was under this act that the revision of the Prayer Book was attempted. The Anglican church is the offspring of the Roman Catholic church. And while it has resolutely kept its political independence from Rome, Roman Catholic ideas have maintained a persistent hold upon one branch of the English clergy. It seems that the spiritual disorganization produced by the war and the progress of science has strengthened the mysticism of many people and their demand for religious authority, even if it has on the other hand increased the number of agnostics. Whatever the cause may be, the High Church branch—the English Catholic movement—of the Anglican church appears to have increased its influence since the close of the war. The controversy between the two elements in the Church of England has concentrated itself upon the Prayer Book. The present Prayer Book lays down a very rigid standard for the clergy to follow. Following the revolt of Newman and others who left the Anglican for the Roman church, Parliament passed an act in 1874 attempting to prevent the introduction of Roman ritual into the Anglican church by punishing with imprisonment clergymen guilty of Popish practises. This did not prevent High Churchmen from using the rites of Rome and a number

of breaches of the law were disciplined and many more were ignored. In 1906 a Royal Commission investigated the question of the Prayer Book and it concluded that alterations should be made to satisfy the High Church element. For the next 21 years the church authorities attempted to agree upon a revision; such a revision was finally approved by church authorities in the Convocation and National Church Assembly, where it was assented to by all but four of the thirty-eight bishops. It was then submitted to Parliament for final approval. The proposed compromise provided that the clergy might choose between the old version and the one which the Convocation would authorize. The revised version legalized practices such as the reservation of the sacrament, which had been practised by Anglo-Catholics but which under the old Prayer Book were unlawful.

Ordinarily Parliament accepts the recommendations of the National Church Assembly without debate. But no such indifference greeted the proposed Prayer Book. While the House of Lords approved it by a large majority, the Commons embarked upon a long and heated debate, which simplified itself into the "No Popery" question. The opponents of the prayer book said it meant the return of Roman Catholicism, and to that they were resolutely opposed. The debate drew forth expressions of strong emotion—men were in tears. It aroused tremendous interest through the country; the Prayer Book became a best seller. Viscount Cecil states in regard to this debate: "By general consent, Parliament has never since the war risen to any level comparable with that attained in the discussion on the revision of the Prayer Book. No single speech was de-

livered that violated the sentiments of religious men. Speech after speech, on the contrary, was delivered on either side charged with an earnestness and a depth of conviction such as, by the nature of things, can rarely find expression in the ordinary secular debates of Parliament. And it was not because members cared so little about religion . . . but because they cared so much."

On December 15, 1927 the Commons rejected the Prayer Book. A House composed of Baptists, Methodists, Jews, Agnostics, as well as Anglicans, decided the liturgical future of the Anglican church. The bishops, sorely grieved that their work had been in vain, made a few changes and again submitted the measure, but the Commons once more rejected it on June 14, 1928. The incident has increased the sentiment in England for disestablishment—for the complete separation of Church and State. While this might deprive the church of certain revenues, a disestablished church could control its own destiny. Many believed that the spiritual vigor of the church would be strengthened by separation from state control.

The British Empire

No discussion of England would be complete without some mention of imperial problems. As these fall outside of Europe they can be mentioned only briefly. They nevertheless are important because the last ten years mark the decline in the authority and prestige of England over a large part of the empire which she formerly ruled with an iron hand. In 1919 the British Parliament passed an act establishing the so-called "Diarchy System" in India,

which transferred certain questions to the full control of Indian councils and ministers. This transitional system was to last for ten years, after which a body of investigators would decide how much further England should go in granting India self-government. A commission, headed by Sir John Simon, studied the problem during 1927.

In December 1921, the Lloyd George Government achieved a settlement of the Irish question—a question which had particularly plagued England and Ireland for generations. This settlement practically brought to an end a system of wholesale violence, raids and assassination—in which brutalities were committed both by the "Black and Tan" soldiers and by the Irish Sinn Feiners. The settlement, which took the form of an agreement between the British Government and the Irish leaders, provided that henceforth Ireland should be known as the Irish Free State, and that it should enjoy the same right of self-government as the Dominions. Great Britain would, however, retain a certain control over military affairs. Ireland was to have its own parliament, but its members would take an oath of allegiance to the British Crown. Ulster, the home of Protestants, was given the right to remain out of the Free State.

The question whether this compromise with the independence ideal should be accepted was referred to the Irish people. During the election period more violence broke out, featured by murders and kidnapping. Although the people ratified the constitution, the followers of De Valera, who had demanded a republic, continued to oppose the compromise. In 1923 De Valera brought armed violence to an end and in August 1927, he finally decided, together with

44 followers, to return to Parliament. While the element demanding an absolutely independent republic is still strong, and may even be increasing, it seems unlikely that the Free State settlement will be overturned.

As far as the relations between Great Britain and the Dominions are concerned, the people of England have gradually relinquished all real control over Canada, South Africa, New Zealand and Australia,—a development which reached its height at the Imperial Conference of 1925. At this Conference the Balfour Report was adopted, containing the famous declaration that Great Britain and the Dominions are "autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any respect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations." Henceforth the chief connection between England and the Dominions will be the Governor-General, who is the representative of the Crown. Each Dominion may make treaties and maintain diplomatic representatives abroad in its own name. But each Dominion acts in the name of the King, i.e., His Majesty acts on behalf of, and at the advice of, the Dominion Governments. In making treaties each Dominion promises to consider their effect upon and to consult with the other parts of the Empire. Great Britain, however, cannot and will not prevent Canada or any other Dominion from doing what it likes, whether in domestic or foreign affairs. The Dominions and Great Britain have many common ties—the King, their common sympathies, their frequent consultations, the successive Imperial Conferences and the

fact that the Dominions belong to and participate in the work of the League of Nations with Great Britain.

The political greatness of England is illustrated by this settlement. In 1776 England declined to meet the demands of the American colonists for self-government. The American Revolution resulted. While England lost a part of America she learned a lesson. Step by step she granted the demands of the other parts of the Empire for self-government. In doing so, she has lost her original position of supremacy, but she has gained new influence. If she is no longer the mother of the Empire, she is the elder sister of a Commonwealth.

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CHAPTER IX

INTERNAL GERMANY

Less than two decades ago, the expression "German Revolution" would have seemed a contradiction in terms. The Imperial Government of His Majesty, Kaiser William the Second, appeared too solidly entrenched, the masses of the German people too docile and too well disciplined, ever to make revolution a possibility. But the impossible happened in 1918.

In 1914, the Social Democratic Party was the largest single unit in the Reichstag, although no Socialist had ever been a member of a government. It was divided into a Right and Left wing—the former advocating the use of evolutionary methods of political democracy for the attainment of the Socialist State, the latter desiring to reach this end by revolution. In 1914, the Social Democrats voted for the credits to prosecute the war, one member only—Karl Liebknecht—abstaining from voting. As the war continued, Socialist opposition grew, until in 1916 the left wing under Haase seceded from the party and organized the Independent Socialist Party, which opposed the continuance of the war. This group also had a Left wing, the leaders of which were Karl Liebknecht and Rosa Luxemburg, revolutionists and pacifists who openly denounced the war and were as

a consequence imprisoned by the German Government in 1916.

The Russian Revolution of March 1917, had a far-reaching influence upon the German workers and served to strengthen the growing anti-war sentiment. Added to this, the harvest of 1916 had been bad and during 1917 the food shortage was especially acute. This period is known throughout Germany as the "Turnip Year"—*Kohlrüben Jahr*—when turnips in one form or another formed the staple food of a large majority of the people. At the same time that anti-war sentiment was growing among the more radical workers in Germany, the German expansionists were formulating plans for the widest extension of Germany's frontiers, and the great majority of the German people, fed with stories of German successes on the field of battle and on the seas, still believed implicitly in the war and supported it. In 1916 the extremists formed the ultra-patriotic *Vaterlandspartei* under the leadership of Admiral von Tirpitz. This movement was the forerunner of the ultra-reactionary and nationalist *Völkische* groups in Germany at the present time.

The Spartacus League, founded in 1916 and inspired by the teaching of Liebknecht and Luxemburg, was making headway in undermining the worker's support of the war. Early in 1918, their agitation bore fruit in a great strike in the German munitions factories, and further embittered relations between the Right and Left wing Socialists. This strike was to some extent a revolutionary rehearsal. By the end of August 1918, the German masses realized that unless a miracle happened the war would be lost. The "hunger blockade" of Britain had failed; the submarines

had not prevented the transport of American troops to France; Ludendorff's reserves were almost exhausted and his last great drive on the Western front had failed miserably. There was an insistent demand within Germany for a decision one way or another. Discontent was rife, not only with the conduct of the war but with the government of the country; and there was a growing demand for the establishment of popular government and for franchise reform.

As a last forlorn hope, on October 4, 1918, the Kaiser appointed as Chancellor the liberal Prince Max of Baden, who formed a government in which the Socialists were represented for the first time in German history. Prince Max's appointment was made for the express purpose of introducing parliamentary government and brought about the abolition of the old Prussian three-class franchise. It marked Germany's departure from the absolutist régime; but it came too late.

Military defeat and the armistice were immediately followed by a complete revulsion of feeling against the military leaders, the responsible politicians and the institutions of the State. On all sides arose demands that the Kaiser abdicate; revolution had become practically a historical necessity.

It was actually precipitated in the naval arm of the service, at Kiel, on the Baltic. On October 28, 1918, when the German fleet was ordered to steam out of the harbor of Kiel, and rumors were rife that a final desperate battle with the British was to be attempted, the crews of several vessels put out the ships' fires. The mutineers issued a proclamation saying: "If the English attack us, we will

defend our coasts to the last, but we will not ourselves attack. Further than Heligoland we will not go." Wholesale arrests by the authorities merely served to stiffen the resistance of the mutineers. By November 4, the whole navy was affected, a soldiers' and sailors' council had been formed, and the red flag flew on all the warships. The revolt spread like wildfire and workmen's and soldiers' councils sprang up everywhere.

In the south, Bavaria was the first German State to proclaim itself a Republic. On November 8, Kurt Eisner, a scholarly Jew, who had formerly edited the Socialist organ *Vorwärts* was chosen President. The Wittelsbachs, the Bavarian royal family, took flight on the same day. At about this time, Berlin joined the revolutionary movement and its success was assured.

The Kaiser still remained on his throne. On November 7, the Chancellor received an ultimatum from the Socialist leader, Scheidemann, to the effect that unless the Kaiser had abdicated and the Crown Prince renounced his claim to the throne by noon on November 8, the Socialists would resign from the Government. No answer came from the Kaiser who was at the German Army Headquarters at Spa, and on November 8, the Socialists resigned and threatened to call a general strike if the abdication was not announced on the next morning, November 9.

Early on the next morning, the Berlin workers were called out from the factories into the streets. There was no violence and no shooting, despite the presence of many troops, police and machine-guns. A deputation of Majority Socialists led by Ebert and Scheidemann went to the palace of the Imperial Chancellor and told the Cabinet,

then in session, that the people desired to take control of the Government. The Chancellor announced that a telegram had just been received informing him of the Kaiser's abdication. He then resigned the Chancellorship to Ebert who at once proclaimed a "People's Government." The armistice agreement was signed by the new Government two days later, November 11.

The Kaiser had already fled ignominiously across the border into Holland; the petty kings and princes precipitately left their capitals, and throughout Germany the power passed bloodlessly into the hands of the Socialists. Ebert at once invited the Independent Socialists to join with the majority in forming a Cabinet composed of equal numbers of both factions, a generous offer in view of the larger numerical size of the Majority Socialists. The Independents neither accepted graciously nor at once, some of the more intransigent of their leaders denouncing the very idea of cooperating with the Majority whose chiefs they regarded as traitors to the Socialist cause. Finally, however, they appointed three representatives, and an executive of six People's Commissioners under the joint chairmanship of Ebert (Majority Socialist) and Haase (Independent Socialist) took over the Government. Liebknecht had roughly declined to serve as one of the Independent representatives.

The Founding of Republican Government

On November 12, the People's Commissioners issued their first manifesto, laying down the basis for a free republic and announcing that a constituent assembly

would be elected by universal suffrage. From the first, Ebert had insisted on the convocation of an elected national assembly at the earliest possible date to determine the future form of government for Germany. The Independents demanded that Germany should be a "Social Republic," with the entire executive, legislative and judicial power in the hands of the Workmen's and Soldiers' Councils while all bourgeois members should be completely excluded from the government. The Spartacists declared their opposition to an elected national assembly in any form and demanded that all power should be in the hands of the Workmen's and Soldiers' Councils.

Here in a nutshell lay the fundamental differences of opinion which caused so much trouble and actual bloodshed among the Socialists in the first months after the revolution. It was the fateful antagonism of Right and Left: the political revolution, or the social revolution; political democracy or the dictatorship of the proletariat.

The antagonism of Right and Left was clearly apparent in a conference of State Governments held on November 25, when Kurt Eisner sharply attacked Dr. Solf and declared that negotiations with the Allies should not be conducted by men who had had any connection with the old régime, which was, he said, responsible for the war. Largely as a result, Solf was replaced by Brockdorf-Rantzau. The Conference, however, rejected a demand for immediate socialization and agreed that a constituent assembly should meet as soon as possible. "Till then, the Workers' and Soldiers' Councils are the representatives of the people's will."

On December 6, a clash occurred between a parade of

Spartacists and a column of troops marching through the streets, and fourteen of the former were killed. Resentment on both sides increased.

The Spartacists under the leadership of Liebknecht and Rosa Luxemburg continued to fan the flames of class hatred and civil war and now directed their attacks against the proposed national assembly. On December 24, a serious fight occurred and thirty lives were lost. The Independents withdrew from the Government as a result and the more conservative Majority Socialists took their places. In the eyes of the Left the fruits of the November Revolution were entirely lost.

The reconstituted Government's chief duty was to carry on until the national assembly could relieve it. Its tasks were tremendous: demobilization, both military and economic; social reforms without which the Republic would have seemed a sham to the workers, and the securing of food supplies. And always there was grave danger of civil war.

The Spartacus agitation came to a head during the first half of January, 1919. The Government was obliged to raise volunteer corps of soldiers, and, under Noske, they finally put down the uprising which during the so-called "Spartacus Week"—January 5-12—had assumed serious proportions. On January 15, Liebknecht and Luxemburg were arrested, and on their way to prison they were killed —many say murdered in cold blood.

The elections to the national assembly were held on January 19. The results indicated beyond a doubt that the majority of the people were not in sympathy with the radicals. Of the 30,000,000 votes cast, the Independent

Socialists polled less than two and a half million, while the Majority Socialists received eleven and a half million. The Socialist parties together thus polled less than fourteen million and the bourgeois parties sixteen million. Four hundred twenty-one deputies were elected, the Majority Socialists having the largest number of seats. The two Socialist parties together lacked 23 votes of a majority.

The Constituent Assembly met at Weimar, a sleepy town in the forests of Thuringia, famous as Goethe's home and as a great cultural centre. Its first task was to establish a provisional government which would prevent riots in Berlin. Ebert was chosen President of the Reich and was assisted by a ministry of Social Democrats (Majority), Centrists and Democrats, responsible to the Weimar Assembly. This was the so-called Weimar Coalition.

The German Constitution, drawn up by the Weimar Assembly, has been described as the most democratic in the world. Article I states that "The German Reich is a Republic. The political power emanates from the people." A Reichstag, elected by universal suffrage, according to the principles of proportional representation, is the chief legislative body of the Republic. A second chamber, the Reichsrat, representing the component states or *Länder* of the Reich, has subordinate legislative powers. The Executive is composed of a President, elected for seven years by popular vote, and a Cabinet of Ministers appointed by the President and responsible to the Reichstag. Under the Empire, the power of Prussia had been supreme; the new Constitution limits Prussia's votes in the Reichsrat—the successor of the old Bundesrat—to two-fifths of the total

votes. The powers of the Reichsrat have also been greatly reduced.

The new Constitution thus establishes parliamentary government on a broad democratic basis and has introduced some interesting experiments. Committees of investigation and permanent committees of the Reichstag watch over the Government when the Reichstag is not in session. The Constitution provides for the initiative and referendum; it makes possible the recall of the President and provides as well that all his acts must be countersigned by a responsible minister. In the field of socialization, the Constitution has several novel provisions, chief among them being an important attempt to establish an advisory body of representatives of occupations. Factory Workers' Councils, District Workers' Councils and a Workers' Council for the Reich are provided for, the original intention having been to give labor an actual participation in the control of industry and government, although a subsequent law gives these bodies only advisory power. The Councils may, however, name one or two members to the boards of directors of industrial enterprises, and under some circumstances they may also have access to the books of such concerns. The Constitution further provides for the representation of economic interests in an advisory capacity in political matters. Drafts of bills of a political-social nature which are of fundamental significance must be submitted to the Economic Council of the Reich for consideration before they are introduced into the Reichstag. This Council includes representatives of all important economic groups and has power also to initiate bills.

The Constitution contains far-reaching and very liberal provisions for the protection of the rights of individuals; the State Church is done away with. The Constitution provides for a school system, all schools being under governmental control. Private preparatory schools are abolished.

The question of religious instruction in the schools was one of the knottiest problems confronting the Constituent Assembly, due to the insistence of the Catholic Center Party on the establishment of denominational schools. A settlement known as the Weimar "School Compromise" was finally worked out by which the Constitution stipulates that elementary schools of particular religious or philosophical belief "shall be established in the municipalities upon the request of those persons having the right to education." But the details of the establishment of denominational schools were to be "prescribed by state legislation on the basis of a national law."

The establishment of denominational schools has been a live issue in the Reich ever since that time, but until the fourth Marx Government was formed in January 1927, no ministry had found it possible to introduce a bill providing for such schools. Moreover, the Marx Government was unable to secure the passage of its School Bill and finally resigned in March 1928, as a result.

The Constitution greatly altered the relations of the various provinces of Germany to the Reich. It no longer speaks of them as states, but as territories (*Länder*), and the powers which may be exercised solely by the central government have been greatly increased. The intense jealousy of the south German States, particularly Bavaria

and Wurtemberg, towards Prussia made the drafting of the Constitution exceptionally difficult and ever since has complicated domestic politics in Germany. This is particularly the case in regard to the financial relations between the Reich and the territories which have not even yet (August, 1928) been definitely settled.

The Constitution was finally adopted on July 31, 1919, and came into force on August 14. The Weimar Constitution provided that each of the German States must have a republican constitution, and as a result the units of the German Reich all have new constitutions modeled largely on the Weimar instrument itself.

Internal Struggles

While the Weimar Assembly was drafting the new Constitution, Germany was still in the throes of revolution. The Independent Socialists, while not at all in sympathy with the tactics of the more conservative majority group, nevertheless did not feel able to support the extreme revolutionary measures of the Spartacists. The latter eventually formed themselves into the German Communist Party, while the Independents, falling between two stools as it were, finally (1923) reunited with the Majority party, their most extreme members joining the Communists. After the bloody events of "Spartacus Week" in January 1919, the Spartacist movement was "scotched" but not killed. The internal situation in Germany was extremely critical at that time and caused many people in desperation to resort to extreme measures. The Allied blockade was still in force, the food shortage was acute,

industry was at a standstill, unemployment was rife, and many demobilized soldiers were at large. Added to all this, the currency had begun to depreciate and rumors were beginning to seep through from Paris that the peace terms were to be more drastic than anyone in Germany had even dreamed possible. All this added to the utter weariness and depression of the war years made the continued Spartacist agitation understandable. The only wonder is that it was not more serious and widespread.

The Socialist, Noske, the "strong man" of this period, organized a militia and after a good deal more bloodshed, especially during some serious riots in March 1919, finally succeeded in restoring order among the revolutionary element. In Bavaria, Eisner had been assassinated on February 12, and in revenge two bourgeois deputies to the Bavarian Diet were murdered. A month later, a Soviet Republic was proclaimed in Munich. The simultaneous seizure of power in Hungary by Bela Kun caused consternation in Europe, and Noske declared that "accounts must be settled with the lunatics in Munich, even if it costs blood." Government troops were hurried to Bavaria and after a good deal of bloodshed, the revolutionary government was overthrown and the Socialist ministry reinstated. The brief revolutionary episode had burned itself into the memory of the bourgeoisie. Volunteer corps were established in Munich, and Bavaria was transformed into the headquarters of monarchist and militarist reaction. Anti-Semitism has ever since been particularly strong in Bavaria, for the conservatives blame all their troubles on the fact that Eisner was a Jew.

By the summer of 1919, due to Noske's strong-arm

tactics, the revolutionary movement of the extreme Left in Germany was broken. Noske had, however, been so busy suppressing revolution to the Left that counter-revolutionary preparations on the part of ex-officers and extremists to the Right looking to the restoration of the Monarchy had not received his attention. The publication of the Versailles Treaty and the humiliating circumstances under which it had been signed, plus the further reduction of the German army added new recruits to their ranks. All blamed the Republic for their difficulties. The counter-revolutionary movement came to a head in March 1920, with the so-called *Kapp Putsch,* led by Dr. Kapp, one of the moving spirits of the ultra-patriotic *Vaterlandspartei* during the war. The *Putsch* proved abortive and was wrecked by a general strike instigated by the lawful German Government. But its reactions over the whole field of German politics were grave. In Bavaria, a government of the extreme Right came into power, and in the Ruhr a Communist uprising took place.

These counter-revolutionary extremists were responsible for several political murders in the history of the first years of the Republic. The assassination of Kurt Eisner has already been mentioned. A series of political murders took place during 1921 in Bavaria, executed by organized monarchist groups with headquarters in Bavaria. In August 1921, Mathias Erzberger, one of the most brilliant leaders of the Catholic Center, was murdered by the same Bavarian fanatics. Erzberger had been the chief German delegate in drawing up the Armistice and later had signed the Versailles Treaty. To the super-nationalists he was therefore anathema. In June 1922, Dr. Rathenau was

murdered. The most prominent Jew in Germany, he was caught in a wave of anti-Semitism and in his death the new Republic lost one of her most able, far-seeing and socially-minded statesmen. Unsuccessful attempts were made on the lives of Scheidemann, the Majority Socialist leader, and Maximilian Harden, the writer; and Chancellor Wirth, President Ebert and General von Seeckt (Commander-in-Chief of the Reichswehr) were among those on the list of prospective victims.

The reaction of the Reich Government to the murder of Erzberger was quick and forceful. A law was passed by the Reichstag in July 1921, and renewed in 1927, which suspended constitutional guarantees, and made membership in an organization whose aim was the murder of members of the republican government punishable by death, or life imprisonment. Furthermore, the law ruled out the possibility of a monarchist *coup d'état* by making the return of members of ex-reigning houses resident outside Germany conditional upon the assent of the Reich Government.

The passage of this law led to friction between the Bavarian and the Reich Governments, the former stoutly declaring it to be unconstitutional and in conflict with the police power of the states. The affair further embittered interstate relations in the Reich.

Economic and Financial Problems

Overshadowing all other issues in the German Republic and strongly influencing all of them, at least between 1919 and 1925, was the reparation question and the problem of

domestic German finances. The reparation issue has been dealt with elsewhere in this book but its effect on the development of the new Germany must at least be mentioned here.

A great part of the moral and economic strength of the German people was absorbed for many months after the Armistice by internal struggles. The value of the mark began to fall in 1919, gradually at first, and then with increasing rapidity as more and more paper money came into circulation. For a time, a false prosperity, based partly on Germany's ability to produce and sell abroad more cheaply than other countries on account of her inflated currency, and partly on the demand within Germany for necessities which it had been impossible to procure during the war years, stimulated production. But as the mark continued its catastrophic fall, there was a great rush to exchange paper currency for tangible goods. As the situation grew worse, business men hastened to send all possible capital out of Germany, in spite of drastic governmental attempts, made as early as 1921, to prohibit export. Everyone hastened to exchange marks as rapidly as possible for stable foreign currencies, especially dollars and pounds sterling, and the exchange market was thrown into the greatest possible confusion.

The German Government made several heroic efforts to cope with the situation. But increased taxation brought in no substantial return, for it was the common practice to pay taxes months late, in currency which by that time had depreciated still further. It is difficult for anyone who has not actually dealt in a depreciated currency, reckoned not in tens but in billions and even trillions, to compre-

hend such a situation. A worker, paid a week's or even a day's wages in the evening, found that by the next morning the stacks of paper marks which he had received the night before, had depreciated to such an extent that often they would not buy even a loaf of bread. Savings of a lifetime were wiped out, people on fixed incomes had nothing; for a time it seemed as though the great German middle class was about to be entirely extinguished.

Added to the horrors and suffering among the masses due to this inflation was the utter disillusionment and disappointment caused by territorial losses. National sentiment rose against Poland and against France. The invasion of the Ruhr in 1923 added fuel to the flames, already blazing in the hearts of a people whose stomachs clamored for food.

One governmental coalition followed another, but none was able to balance the budget or cope with the external and internal problems confronting the country. Economic disintegration was accompanied by the beginnings of political disintegration. The Ruhr policy of passive resistance was reaching a crisis; something had to be done.

In August 1923, Dr. Gustav Stresemann was called by President Ebert to form a Ministry. Dr. Stresemann's Cabinet of August 1923 was known as the "*Grosse Koalition*"—the great coalition—reaching from the People's Party to the Socialists, from Stresemann to Scheidemann—a wide political basis. It was faced with formidable tasks: the solution of the Ruhr problem, settlement of strained internal relations, in particular with the Right in Bavaria and the Left in industrial Saxony, and finally the stabilization of the mark.

THE COLLAPSE OF THE MARK

Here are shown samples of the paper currency issued by German cities and towns and private industries, as well as the Government, during the chaotic years 1922 and 1923.

Passive resistance in the Ruhr was costing the Government tremendous sums; production had practically ceased and inflation had reached the stage where ordinary barter of commodities was being resorted to in lieu of exchange of goods for money. All over the Reich, private firms and municipalities were printing their own worthless currency; the morale of the people was at low ebb and pillage was rife.

On September 25, 1923, passive resistance in the Ruhr was officially cancelled. The next task of the Cabinet was to restore working order in the Ruhr industries, and for this a stable currency was absolutely indispensable. A bill was passed by the Reichstag which authorized the Chancellor to take such steps as he thought necessary in the financial, economic and social field, but which expressly stated that the eight-hour day and social insurance must not be tampered with.

The mark was stabilized in the autumn of 1923 by the substitution of a new currency called the *Rentenmark*. The principle of the *Rentenmark* was briefly as follows: A mortgage of 3,200 million gold marks was raised on the agriculture, trade and industry of Germany and on this security, mortgage bonds were to be issued bearing 5 per cent interest. This provided cover for the issue of *Rentenmark* notes which had the value of one to one billion paper marks, and a nominal exchange value of 4.20 to the dollar. Since the "mortgage" could never have been foreclosed, it was really the restoration of confidence in the currency by what has been described as a "confidence trick".

Less than a year later the Dawes Plan was put into force and Germany began really to "come back". The following

apt summary from an official publication of the German *Reichsbank* gives clearly the results of stabilization:

"Once the mark was stabilized, Germany soon came to the painful realization that the collapse of the currency had brought about far-reaching and revolutionary changes in her economic system. Large sections of the population had lost their resources and only a very few had been able to derive any benefit from the inflation. Liquid capital had been practically destroyed. The inflation had put a stop to the formation of new capital and had eliminated the possibility of saving in the generally accepted sense of the term. The effect was an unwholesome investment in tangible assets of all kinds as well as unwarranted expenditures in useless luxuries. Germany thus emerged from the inflation in a very illiquid condition and practically without any capital in the form of money."

The deflation period was marked by a tremendous industrial depression and consequent unemployment, which reached its peak in March 1926. It is estimated that since the war 3,000,000 to 4,000,000 more persons in Germany have been seeking employment than before, a condition which has aggravated the employment situation.

The condition of German industry has improved greatly in the last few years, although the continuing influx of foreign capital has raised grave questions in regard to the priority of these private obligations over reparation payments. It does not seem too much to say, however, that drastic action on the part of the Reich Government, combined with a late realization by the Allies that the reparation question had to be removed from the realm of politics

into that of economics, saved Germany at almost the last moment from disintegration and ruin. Following stabilization and the Dawes Plan, German industry was set on its feet again largely through foreign loans, the great majority of which came from the United States.

The political history of Germany since the revolution to a large extent reflects the economic conditions of the Reich. Reichstag elections were held in May 1924, in which the extremists of both Right and Left made heavy gains as a result of the grave international situation. In December 1924, another general election was held, resulting in great losses for the extremists. The Reichstag elected in May had outlived its usefulness after passing the legislation necessary to put the Dawes Plan into effect and had accordingly been dissolved. The Communists in May secured 62 seats; in December they had only 45. The *Völkische* groups came back in December with 14 seats as against 32 in May.

The Nationalists on the other hand gained a good many votes and during the three and a quarter years of the life of the December 1924 Reichstag, were represented in two of the four Ministries of that period. The Reichstag elections in May 1928, resulted in a sweeping victory for the Left at the expense of the Nationalists who lost 37 seats while the Social Democrats gained 21 seats.

The sudden death of President Ebert in February 1925, and the subsequent election in April of Field Marshal von Hindenburg to the presidency of the Reich was regarded at the time as a blow to the Republic, and as augmenting the strength of nationalist elements in Germany. Contrary to predictions, however, this has not proved to be the case,

for President von Hindenburg has shown himself to be most loyal to his oath to support the Republic and has endeared himself to the German people, not only as a great soldier, but as an able and conscientious president.

The outstanding fact in the domestic affairs of the Reich during the past four years has been the real strengthening and entrenchment of the Republic. Agitation may still go on for the return of the old imperial black-white-and-red flag instead of the black-red-and-gold standard of the Republic, but this is largely a sentimental matter, although one which the German people take much to heart. Monarchist sentiment has definitely ebbed, the moderate parties are in control. Probably only a few fanatical monarchists desire the return of the discredited Hohenzollerns. In Social Democratic philosophy, evolution has taken the place of revolution, and the party forms one of the great bulwarks of the democratic Republic to-day. Germany, after years of tribulation and suffering, has staged one of the most remarkable come-backs as well as conversions in history and taken her place among the truly democratic and liberal states of the world.

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International boundaries
Pre-War Russian-German boundary
Upper Silesian boundary
German Territory
BALTIC SEA
LITHUANIA
Memel
Memel R.
Niemen R.
Königsberg
Boschpol
Stolp
Gdynia
Zoppot
Weichselplatte
DANZIG
EAST PRUSSIA
(Germany)
Dirschau
Marienburg
Stuhm
Allenstein
Marienwerder
Deutsch Eylau
POMERANIA
WEST PRUSSIA
(1772–1919)
Vistula R.
Bromberg Canal
Soldau
Thorn
Mlawa
Stettin
Schneidemühl
Netze R.
Berlin
Oder R.
Bromberg
Vistula R.
Posen
Warsaw
POLAND
Elbe R.
Dresden
SILESIA
Breslau
Oppeln
Beuthen
UPPER SILESIA
Kattowitz
Vistula R.
Prague
Elbe R.
Cracow
BOHEMIA
GALICIA
Oder R.
TESCHEN
CZECHOSLOVAKIA
MORAVIA
ORAVA
SPISZ
Moldau R.
Danube R.
SLOVAKIA
Bratislava
Vienna
AUSTRIA
Budapest
HUNGARY
Danube R.
ITALY
Fiume
JUGOSLAVIA
W. & Eng. Co., N.Y.

CHAPTER X

THE EASTERN FRONTIER

During the past ten years great if not spectacular progress has been made in the internal reconstruction of France, Germany and England. Many of the objectionable features of the Treaty of Versailles have been modified, and a permanent conciliation between France and Germany may soon be possible. But there is one feature of the 1919 settlement which constitutes an outstanding grievance in Germany to-day. This is the question of the Eastern Frontier.

What is meant by the Eastern Frontier? Why is it a grievance? The Eastern Frontier is really the problem of Poland. The internal development of this state, re-created at the Paris Peace Conference, is discussed in the next chapter. The Peace Conference established Poland not only to satisfy the demands of the past—a historic nationalism—but also to place a buffer state between Germany and Russia. To establish such a state it was necessary to take territory away from Germany (as well as from Russia and Austria) and to place it under the jurisdiction of a new Polish Government at Warsaw. As far as the German frontier was concerned, the Paris Peace Conference made tortuous efforts to draw a line so that territory inhabited only by Poles should be given to Poland while territory

inhabited only by Germans should remain with Germany. But in trying to follow this principle the Allied experts soon found themselves in difficulty. German and non-German statistics did not correspond. In most of the disputed areas the German and Polish populations were inextricably mixed, so that it was literally impossible to determine which nationality had the majority. In some cases a Polish village lived an isolated existence, surrounded by dozens of German villages. It was obviously impracticable to jump across German territory and unite such a village with Poland.

Nevertheless, the experts at the Paris Peace Conference did the best they could, and when there was a doubt they either provided for a plebiscite or favored Poland as against a defeated Germany. Acting on these principles, the treaty gave to Poland the greater part of the German provinces of Posen and West Prussia, territory having a breadth of 80 miles and stretching for a distance of 260 miles from the northern boundary of Upper Silesia to the Baltic coast. The total population of this area was about 3,000,000, of which a majority were Poles. The Germans, by far the most prominent people in the communities concerned, controlled the agriculture and industry of these regions. Turned over to a new, alien, and inefficient government, they longed to return to the régime of the Fatherland.

The Free City of Danzig

The really acute difficulties along this frontier concern (1) Danzig, (2) the Polish Corridor and East Prussia, (3) Memel, (4) Upper Silesia. Before the World War the city

of Danzig was a leading German port and is still inhabited by an overwhelming majority of Germans. It was founded by Germans in the 13th century, and came under the rule of the famous Teutonic Knights. While for a time it was united to Poland under a régime of virtual autonomy, it passed to Prussia in 1793 and remained under German rule until the Paris Peace Conference.

While Danzig is historically and ethnically German, it is the logical outlet of Poland to the sea. The city lies at the mouth of the Vistula River, which drains the Polish hinterland. In his famous Fourteen Points, President Wilson enunciated the principle that Poland should be given an outlet to the sea. At the Paris Peace Conference, the French sought to apply the doctrine literally and to give Danzig to Poland outright. This solution was in fact at first adopted by the Polish Commission.[1] Yet because of the overwhelming preponderance of Germans in the city, any such settlement would have violated the principle of self-determination and would have led to continual agitation and unrest. It would have been entirely possible for the Paris Peace Conference to have established a régime whereby Germany would have continued to govern Danzig, but under which Poland would have been given economic rights in the port. A similar scheme was worked out for Czechoslovakia in the case of the German ports of Stettin and Hamburg.[2] But the Paris Peace Conference did not accept any such solution—the Allies wished to weaken Germany. Consequently, they established Danzig as a Free City, governed by a Popular Assembly and a

[1] Temperley, H. W. U., *History of the Peace Conference of Paris,* Vol. VI, p. 259.
[2] Treaty of Versailles, Art. 363.

Senate representing the local population, subject to the control of a High Commissioner of the League of Nations. Poland was, however, given important economic and political rights. The Danzig customs are under the control of Poland, and complete freedom of trade has been established between the two countries. A Harbor Board composed of five Poles and five Danzigers, with a Swiss president, operates the port and guarantees to Poland the free use of the harbor. Poland also has charge of the railways running into Danzig. The Polish Government controls the foreign relations of the city; and Danzig cannot be used as a military base. The latter provision indirectly prevents the establishment of French naval power, and thus works to the advantage of the British, whose influence in this area has always been strong. Under the settlement, Poland thus has virtual control of the economic life of Danzig, but the local inhabitants enjoy self-government in political matters.

The plan so far has not been a success, largely because it is almost impossible to separate economic from political power. A great number of disputes have consequently arisen between Poland and Danzig, many of which have been referred to the League of Nations' High Commissioner. Between 1921 and 1926 the Commissioner handed down 49 decisions. In a number of cases the dissatisfied party carried a complaint to the Council of the League of Nations, and one case involving the right of Poland to maintain a postal service in Danzig was referred to the World Court. A dispute arose also over the ownership of the railways running into Danzig. It was finally decided that the standard-gauge railways should be owned by Po-

land and the Harbor Board, while the narrow-gauge lines and the street cars should be owned by the Free City.

Although the League has been able to settle many disputes, it has not been able to remove the bitterness between the Danzigers and the Poles. The Danzigers believe that the Poles are intriguing to annex the city and that they have the support of the French in this aim. The Poles assert that owing to their economic rights in Danzig they have certain administrative rights which the Danzigers should recognize. The latter declare that the Poles are inefficient in the administration of the railways and in their maintenance of the dykes on the Vistula, upon which the safety of part of the city depends. The Poles, moreover, are building with the help of a French firm a harbor and naval base of their own at Gdynia, a few miles from Danzig on the Baltic, which eventually should make Poland independent of the Free City. This may have important political consequences. Although the present commercial situation in Danzig is better than before the war, the Danzigers claim that this is because of the transit trade that benefits Poland. Moreover there is much unemployment. The local population has likewise been irritated by the decision of the League Council turning the Westerplatte peninsula, a popular swimming resort, over to Poland to be used as a munitions dump. The Danzigers have been obliged to bear half the cost of building this dump and they are afraid that it may blow up their harbor.

The German Government naturally sympathizes with the feelings of the Danzigers toward the Poles, and the German people look to the day when Danzig will again be part of Germany. From the standpoint of the principle

of self-determination, the people of Danzig should be part of the Reich. The only possible claim of Poland to maintain the present status of Danzig is the need of an outlet to the sea; and in constructing a new port at Gdynia the Poles would seem to forfeit any right to this claim. Access to the port of Danzig could, moreover, be insured to Poland without the clumsy arrangement of a Free City. A treaty could be signed in which Germany would give Poland complete economic rights in the port. The supervision of this arrangement might be continued in the hands of a League Commissioner, subject to appeal to the World Court. Similar rights might also be extended to Stettin and Königsberg. As long as the League of Nations has its present responsibility for enforcing the Free City régime, it will inevitably be regarded in Germany as representative of the victorious powers. The termination of the Free City régime would thus enhance the position of the League in that country.

The Polish Corridor and East Prussia

The second sore spot on the Eastern Frontier is the so-called Polish Corridor and East Prussia. As a glance at the map will show, a narrow strip of territory, called "the Corridor" by non-Poles, gives Poland complete and unrestricted access to Danzig and to about ninety miles of seacoast. Within this Corridor lie the lower Vistula River and the Warsaw-Danzig Railway. The Corridor separates Germany proper from East Prussia.

To whom should the Corridor belong under the principle of nationality? According to German figures, 44 per

cent of the Corridor population is German, but according to Polish figures only 20 per cent of the population is German. As a matter of fact, a large proportion of the population is neither German nor Polish, but consists of Kaschubs, who are Slavic, and other isolated groups of alien peoples. Most students seem to agree, however, that despite the Germanizing policy of the previous government, the population of the Corridor still is predominantly Polish. It appears to be becoming more so day by day. It is the deliberate policy of Poland to drive Germans out of the area. It is estimated that since 1919, 300,000 Germans have left the Corridor while an equal number of Poles have come in.[1] In some cases the property of these Germans was expropriated by the Poles; in other cases they withdrew voluntarily with the termination of the German occupation.

The Germans would perhaps not complain so bitterly in regard to the Corridor were it not for the fact that it separates them from East Prussia. At present East Prussia has an area of nearly 15,000 square miles and a population of 2,500,000. It is a marvellously tilled territory which stands out in contrast to the undeveloped territories of its neighbors. The peace treaty envisaged the possibility of giving part of this territory to Poland by authorizing plebiscites in Marienwerder and Allenstein. The former had been German for centuries, but the Poles wished to obtain control over it in order to control the shortest railway route from Danzig to Warsaw. Their hopes were dashed by the result of the plebiscite held in July 1920. Ninety-seven thousand votes were cast for Germany as

[1] Simonds, F. H. *Poland Makes Good* (Review of Reviews, May, 1928).

opposed to eight thousand votes in favor of joining Poland. The vote in Allenstein, with 550,000 inhabitants, was also overwhelmingly in favor of Germany.

Despite these plebiscites, East Prussia remains physically separated from Germany. From the military standpoint, this separation has disadvantages. Germany proper is prevented by the Corridor from maintaining undivided communications with East Prussia and the Polish-Lithuanian frontier. This may prevent her from extending an influence over the Baltic states with which Germany has always had cultural ties.

The economic disadvantages of the Corridor have, however, been overcome to a certain extent by an agreement signed by Poland, Germany and Danzig, in April 1921, in which Poland grants to Germany freedom to cross the Corridor to East Prussia. No customs inspections may obstruct traffic across the Corridor as long as it takes place in "privileged" or sealed trains. Passengers on these trains are not required to have passports. Three years ago a prominent German railway official stated that from the point of view of transit East Prussia was no longer an enclave. The railway had built a bridge across the Corridor. On the other hand, East Prussia may no longer ship produce into the Corridor market as it freely did before the War. While Germany obviously does not have as strong a claim to the Corridor as she does to Danzig, German nationalists declare that the enforced separation of East Prussia from Germany by the Corridor is a grievous injury which must be redressed if the peace of Europe is to be assured. Polish newspapers have also criticized the Corridor and have demanded the annexation of East Prussia. One German sug-

gests that a plebiscite be taken in the whole territory of Danzig and East and West Prussia, including the Corridor; such a vote would presumably result in a German victory.[1]

The Memel Question

Germany not only lost the Corridor, but the town of Memel, an important timber port at the northern tip of East Prussia, located at the mouth of the Niemen River. The town has a population of about 25,000 and is almost exclusively German. The majority of the agricultural population in the hinterland of the district, which extends for 70 miles, is, however, Lithuanian. The Paris peace treaties took away from Germany this district of Memel—why nobody seemed to know. The Allies did not cede it to anyone else; the treaty merely authorized them to dispose of it as they wished. For three years the town was governed by an Allied High Commissioner (a Frenchman) and for a time the Allies debated whether to make of it a Free City similar to Danzig or to give the port to the new state of Lithuania. Lithuania depends upon Memel for an outlet to the sea, as does a part of Poland.

While the Allies debated the disposition of the city, Lithuanian troops, following Poland's example in Vilna, suddenly took possession of the town. In so doing they injured their relations with Germany and the League of Nations, for which they later suffered in the Vilna dispute.[2] After some grumbling the Allies accepted the accomplished fact, and transferred Memel to Lithuania on

[1] Delbrück, H. *The German-Polish Frontier* (Contemporary Review, Vol. 128 (1925), p. 18).

[2] Cf. p. 231.

condition that it be given self-government. A deadlock developed, which was finally broken by the League of Nations. After an investigation, a League Commission (headed by Mr. Norman Davis, an American) drew up a treaty which was finally accepted, providing that the port of Memel should be placed under the control of a committee composed of a Lithuanian, a Pole, and a citizen of Memel. Poland is given the right to lease free zones. A directorate composed of five Memel citizens is to govern the city, responsible to a Chamber elected by the local inhabitants. The Governor of Memel was, however, to be appointed by the Lithuanian Government. The people of Memel have virtual self-government, and are probably not subjected to as much interference from Lithuania as the Danzigers are from Poland, because Lithuania is a comparatively weak and small state. Germany does not like the Memel settlement. It maintains five consular officials in the city and subsidizes three German papers there to maintain the spirit of the local German population. German is the language of the district schools. But it is doubtful whether Memel in itself will become an obstacle to general European conciliation. Should Lithuania be reabsorbed by Russia, the status of Memel might, however, again assume international importance. The Allies might prefer to see the city fall into German, or even Polish hands, rather than to have it returned to Russia.

Upper Silesia

Perhaps the greatest controversy along the Eastern Frontier has been caused by Upper Silesia. This district,

along with the Ruhr, is the richest industrial center in Germany. Probably because of its great resources, the first draft of the Treaty of Versailles calmly handed over the entire area to Poland. The German delegation protested so strongly that the treaty was modified. The people of Upper Silesia were asked to vote whether they should remain with Germany or transfer their allegiance to Poland.

Pending the plebiscite, an Inter-Allied commission took over the territory and organized machinery for carrying out the voting. The commission was soon accused of unfairness. It was alleged that the British, who had never enthused over the re-creation of Poland, on the ground that it would be a vassal of France, warmly encouraged the Germans, while the French supported the Poles. Both Germans and Poles carried on such violent propaganda that the plebiscite was postponed. Polish troops made several raids into the disputed area. The plebiscite was finally held in March 1921; of the total votes cast, 707,605 went to Germany and 479,350 to Poland. In view of the German majority, many Germans assumed that the whole territory would remain with Germany. They knew that Upper Silesia had been both historically and economically a unit. Its mineral resources had been developed as a whole by German engineers and by German capital. But they were destined to be disappointed in their expectations. The peace treaty provided that the votes of each commune should be counted separately, implying that the boundary should as far as possible separate Polish from German villages. The district as a whole was thus not necessarily to be retained as a unit. When the International Commission attempted to draw a boundary line on the basis of the

vote, it found agreement impossible. The French members drew a line favoring the Poles; the British members drew a line favoring the Germans; the Italians drew a compromise line. In August 1921, the whole disagreeable affair, involving rivalry not only between Poland and Germany, but between England and France, was referred to the League of Nations.

After studying the matter, the Council of the League announced a line approximately following the original Italian proposal dividing Upper Silesia between Poland and Germany. This award aroused a storm of protest in Germany, which declared that on account of its German majority Upper Silesia as a whole should remain with the Reich. Nevertheless, the Council's award went into effect and about half of Upper Silesia was transferred to Poland. As a result of this partition, Poland received 54 out of the 67 coal mines and 11 out of the 16 zinc mines in the area. Of the 37 blast furnaces, Poland received 21. Within the area given to Poland the German population numbered 350,000, while within the area remaining with Germany the Polish population totaled 572,000. In each case these groups constituted a minority.

In an attempt to prevent such a division from crippling industry and creating havoc among thousands of working people, Germany and Poland signed one of the longest treaties known to history. The object of the treaty was to preserve for fifteen years the former markets and supplies of raw material and manufactured products of Upper Silesia, to insure the smooth working of railways between the Polish and German territories, and to facilitate the movement of people between the Polish and the German

zones. The treaty made provision for virtual free trade between Polish and German Upper Silesia for the fifteen-year period, and for the mutual protection of minorities within these areas. For this period Poland was obliged to permit the exportation of minerals from the Polish zone to Germany.

To supervise the execution of the provisions of this treaty, two Polish-German bodies were created: the Upper Silesian Mixed Commission and the Mixed Arbitral Tribunal. The Mixed Commission deals, among other things, with the treatment of minorities. It judges a dispute only after it has been passed on by a German minorities office, if in the case of Poland, and by a Polish office if in the case of Germany. If these offices do not give satisfaction, an appeal may be taken to the Mixed Commission and thence to the League of Nations. The Mixed Arbitral Tribunal deals with private matters, such as the amount of compensation to be paid German factory owners obliged to hand their plants over to Poland. In certain matters appeal may be taken to the League of Nations.

Notwithstanding the establishment of this procedure, many vigorous complaints have been made. Germans declare that Polish factory owners discharge men who do not vote for Polish candidates at elections. Poles declare that Polish tenants of German landowners lose their farms unless they vote for German candidates. Difficulties have also arisen over schools. Germans living in Polish territory claim that they do not dare to send their children to German schools, authorized under the treaty, for fear of losing their jobs. Meanwhile disputes continue over the question of whether the Poles actually outnumber the Germans

in Polish Upper Silesia. In the municipal elections held there in November 1926, the Germans claimed to have polled 54 per cent of the votes, while the Poles claimed 58 per cent.

An acute economic difference arose in June 1925, when Germany declined to accept 500,000 tons of coal annually from Polish Upper Silesia which she had agreed to receive up to that date. Germany was within her rights in refusing to receive this coal after June, but Poland, not relishing the loss of this market, retaliated by placing prohibitive duties upon the entry of a large number of German products to Poland. This led to a tariff war between the two countries and a marked decline in trade. In an effort to terminate the trade war, the two governments entered into negotiations for a commercial treaty in 1927. Poland attempted to secure, in these negotiations, the right to export coal, as well as pigs and potatoes and other products, to Germany. But out of fear of competition, the German landowners particularly opposed the admission of pigs and potatoes.

The Upper Silesian question is by no means solved. Poland has received a large share of the German industries in Upper Silesia, but it is usually stated that, despite the assistance of French capital and engineers, Poland lacks the capacity to operate these industries efficiently. The Germans feel that the partition of Upper Silesia is not only a political injustice, but that it still further reduces their capacity to meet reparation payments.

Such is the Eastern Frontier; it is scarred by disputes over Danzig, Memel, the Polish Corridor, and Upper Silesia. In imposing a settlement upon Germany in regard

to these sore points, the Allies followed two contradictory principles. In the name of nationality, they awarded the Polish Corridor and part of Upper Silesia to Poland, and in the name of a superior economic necessity, they deprived Germany of Danzig and Memel and placed these ports under a supposedly autonomous régime. In each case, however the Allies applied these principles against—never in favor of—Germany.

Millions of Germans believe that in making these territorial awards in the name of high principles, the Allied powers were guilty of hypocrisy. They believe that the Allies simply wished to deprive Germany of territory in order to reduce her to the position of an inferior power. If reconciliation of Europe is to be accomplished, the basis of any such feeling must be removed. On the face of it, it seems impossible to justify the disposition of territory in violation of the interests of the local inhabitants simply because the disposition works to the economic advantage of another power. Poland could be guaranteed the right to use the port of Danzig even though that port be returned to German sovereignty. The real test of the legitimacy of the Eastern Frontier should be the test of nationality—of self-determination. Danzig is unquestionably German and sooner or later it should be returned to the German Reich, subject to transit guarantees in favor of Poland, who, as we have seen, is building a port of her own at Gdynia. The status of the Corridor and of Polish Upper Silesia is more difficult to determine. There is no agreement as to whether or not the Poles or the Germans in these areas have the majority. As passions begin to subside, it may be possible in the future to hold a more impartial plebis-

cite or an accurate census, under the direction of the League of Nations, by which the actual wishes of the people in the Corridor and Polish Upper Silesia may be ascertained. Poland is already attempting to defeat the result of such a plebiscite by a policy of forcing the Germans to leave. But it is doubtful whether this policy will be effective. It might be expedient to hold a plebiscite for the whole district of East and West Prussia, and Upper Silesia. A solution is desirable not only from the standpoint of the leading European powers, but also from the standpoint of the League of Nations. As long as the League has certain duties in carrying out the present régime in Danzig, Memel, and Upper Silesia, it will be regarded by many Germans (if not by many Americans) as an instrument for the enforcement of the Paris treaties, rather than an instrument for the promotion of a just peace.

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CHAPTER XI

THE REVIVAL OF POLAND

Poland lives in the memory of a great past. Until the end of the 18th century she was a leading kingdom in Europe, her boundaries at one time extending from the shores of the Baltic almost to the Black Sea. Within these boundaries were included the well-known cities of Warsaw, Cracow, Riga and Kiev. Toward the end of the 17th century the route of the Turks advancing up the Danube was blocked by John Sobieski, who earned for Poland European renown. Despite the grandeur which the kingdom enjoyed, Poland came to an end more humiliating than that which any other great power in modern times has been obliged to suffer. Poland was divided between Austria, Prussia and Russia in three successive partitions—in 1772, 1793, and 1795. The break-up was due partly to the greed of powerful neighbors, partly to the failure of the kingdom to absorb the vast numbers of non-Poles within its borders, and partly to the political incompetence of the Polish governing class—an incompetence which explained the term "flighty Pole," so often heard on the lips of neighboring peoples. While the government of 18th century Poland was nominally headed by a King, the actual power was exercised by a Diet composed of a coterie of nobles, any one of whom could veto any measure.

This system of the *liberum veto* made any progress impossible and created a condition of affairs which made it easy for envious and greedy neighbors to intervene in Poland's domestic conflicts.

Despite the extinction of the Polish State, Poland's spirit and culture survived, stimulated as it was by the Roman Catholic church, which maintained a powerful hold on the people. The attempts of Russia to stamp out Polish traits, the attempts of Bismarck to settle German colonists among the Poles of West Prussia, merely aggravated Poland's desire to regain its lost freedom. The opportunity finally came when the World War broke out. Then came into prominence the George Washington of Poland—Marshal Joseph Pilsudski. For many years before the war this fiery soldier had plotted to overthrow Russian rule in Warsaw, and had paid for his efforts by penal servitude in Siberia. Upon the outbreak of the war, he cast in his lot with Austria, which had treated the Poles better than had Russia or Prussia. Thus it was that he found himself in charge of a brigade assigned to service in the Russian campaign.

When Russia collapsed, Pilsudski turned against the other oppressors of Poland—Germany and Austria. For a time he was held captive in a German prison, but following the outbreak of the German revolution was released. He then returned to Warsaw and proclaimed himself head of the first Polish Government.

In this movement for the restoration of Polish independence Pilsudski had the active support of the Allies, especially of France. To France a new Poland meant not only the restoration of an ancient nation, but the creation

of a buffer state between Germany and Russia. In the new balance of power, Poland would take the place of Tsarist Russia in France's alliances. For very different reasons, President Wilson in one of the Fourteen Points had advocated the creation of "an independent Polish State," which should include the territories "inhabited by indisputably Polish populations." This Poland, he had stipulated, should have a free and secure access to the sea, while its independence and territorial integrity should be internationally guaranteed.

While it was a foregone conclusion that the Peace Conference would recognize the existence of a new Poland, many serious problems arose in delimiting the actual boundaries of this new state. Within the three essentially Polish areas of Russia, Austria, and Prussia, there were about 20,000,000 Poles. According to the Wilsonian principles, this territory—and only this indisputably Polish territory—should be given to the new state. But the Polish leaders, fired with ambitions for new power, and visions of Poland's pristine aristocratic grandeur, were as anxious to violate the principle of nationality as had been the despoilers of Poland more than a hundred years before. At the Paris Peace Conference these leaders demanded the restoration of the frontiers of 1772 so as to give Poland an area of 282,000 square miles, stretching from the Baltic nearly to the Black Sea. Even in 1772 the Poles had formed scarcely half of the population of this region, and in 1918 they had certainly no stronger ethnic claim to the territory. These demands were put forward not only on the basis of history, but in the name of military necessity. Poland had no natural frontiers, and she was open

to invasion either by Russia or by Germany. Animated by false strategic considerations and learning nothing from history, the Polish leaders in 1919 believed they could strengthen the defences of their territory by extending the boundaries until they achieved a "natural" physical unity more capable of resisting outside attack.

The extent to which the Paris Peace Conference met the Polish demands in the case of the German frontier has been discussed in the previous chapter. While along parts of this frontier the ethnic principle was followed, in other cases, notably in that of Danzig, the principle was ignored. Greater difficulties arose over the other frontiers. The Conference concerned itself primarily with the question of Galicia, which had been a province of Austria before the War. Western Galicia is solidly Polish while Eastern Galicia is inhabited by 4½ millions, of whom 63 per cent are Ruthenes and 23 per cent Poles. In a treaty signed at Saint Germain in 1919, Austria ceded the whole of Galicia to the Allies, and in the "Certain Frontiers" Treaty, signed at Sèvres in August 1920, the Allies assigned Western Galicia—the area inhabited by the Poles—to Poland. The Poles, however, declined to sign this treaty until they could have Galicia as a whole. In November 1918, the Paris Conference had suggested that Poland be given a mandate for Eastern Galicia for a period of 25 years, despite the fact that the Ruthenes demanded the recognition of their independence; but this proposal had been abandoned. While the Allies debated, the Poles established a military occupation which, according to the Ruthenes, committed many injustices upon the local population. None of the Allied Governments cared to drive

the Poles out of Eastern Galicia, and so, in March 1923, the Allied Conference of Ambassadors confirmed the Polish title to the area. It is a curious commentary on Allied procedure that while they obilged Czechoslovakia to sign a treaty granting autonomy to its Ruthenian population, they awarded Eastern Galicia to Poland, subject to no conditions except the provisions of the minorities treaty.

The Polish Commission of the Paris Peace Conference recommended a provisional frontier between Poland and Russia, which was subsequently known as the Curzon line. It excluded the Government of Suwalki which was inhabited by Lithuanians, and generally attempted to give to Poland only that territory in which Poles predominated. But the same intoxicating spirit which led the Poles to seize Vilna and Eastern Galicia, led them to disregard the Curzon line and to embark in 1919-20 upon a war against Russia.

Animated by their desire to revive the frontiers of 1772, despite the advice of the Allies and proffers of peace from M. Chicherin, the Poles marched an army into Russia, and joining hands with General Petlura of the feeble Ukrainian Republic, which had declared itself independent of Russia, entered the city of Kiev. Removed several thousand miles from their base at Warsaw, the Poles finally became exhausted and were obliged to retreat. The Allies advised the Poles to retire behind the Curzon line, and urged a conference to negotiate peace between the two warring powers. But the Bolshevik armies pursued the Poles almost to the gates of Warsaw. Aided by Allied munitions, however, and the advice of a French military

mission, headed by the brilliant General Weygand, General Pilsudski finally held the Russians at bay. Recovering their strength, the Poles now drove the Bolsheviks eastward, passing Grodno, Brest-Litovsk and Luck. By this campaign Poland practically doubled the territory proposed by the Curzon line, increasing her population to 27,000,000. In October 1920, Russia and Poland signed a peace treaty at Riga in which Russia and Poland recognized boundaries as defined in this campaign. In this treaty each party promised "to respect the national sovereignty of the other and to abstain from any intervention in the internal affairs of the other," and promised not to support communist organizations in the other's territory. Poland was exempted from assuming any portion of the debt contracted by the Imperial Russian Empire.[1]

While Russia thus awarded to Poland territory which was not ethnically Polish, the new Czech State did not prove so amenable to Polish demands. A dispute arose at the Paris Peace Conference over the Polish-Czechoslovak frontier in the area of Teschen, Orawa, and Spisz. Teschen, a district rich with coal, was inhabited by Czechs in its western district, and by Poles in its eastern part. The Allies recommended that the two countries divide the district by agreement and when this proved impossible, they recommended a plebiscite. Despite the presence of an International Commission and Allied aid, it proved impossible to carry this out because of local bitterness, and the Conference of Ambassadors in July 1920, again provided for its

[1] Preliminary Treaty of Peace, Oct. 12, 1920, *League of Nations Treaty Series*, 1921, Vol. IV, p. 32.

division. Poland and Czechoslovakia signed an agreement to this effect, which was ratified by Czechoslovakia in January 1921.

This agreement also provided for the division of the neighboring districts of Spisz and Orawa, the possession of which had likewise been contested so that the northern part of the districts of Spisz and Orawa would go to Poland, and the remainder to Czechoslovakia.

Poland declined to accept this part of the decision, and the matter was haggled over until the Conference of Ambassadors referred it to the Council of the League of Nations in August 1923. At the request of the Council, the World Court made a ruling on the subject in December 1923. This ruling was to the effect that the matter had been definitely settled by the Conference of Ambassadors in 1920. After further negotiations in May 1924, Poland and Czechoslovakia finally reached an agreement putting that decision into force.

By this series of negotiations, Poland finally reached a settlement of her Russian and Czechoslovakian frontiers. The question of Vilna still remains an open sore, however, and the German boundary is unsatisfactory.[1] In view of the strategically dangerous situation of Poland, the Polish leaders would have been wiser to seek the friendship of both Lithuania and Czechoslovakia. Instead of doing so, Poland haggled over a few miles of territory with Czechoslovakia until 1924, while she still holds Vilna, taken from Lithuania by a brutal *coup*. It may also be maintained that had Poland been wise, she would have met the first advance of Russia for peace. This would have enabled her

[1] Cf. pp. 179, 231.

to solve her internal problem of reconstruction. Instead, Poland plunged into a war of aggression which cost a hundred billion Polish marks and brought about financial injuries to the country which only now are healing.

The Pilsudski Régime

In addition to the problem of making peace with her neighbors, Poland has had the task of building up an internal administration and welding together into a single unit the Russian, Austrian and Prussian areas which had remained distinct for more than a hundred years. The real issue in Polish politics is the position which should be occupied by Marshal Joseph Pilsudski, the dominant figure in the country. Originally a peasant and a Socialist, it was he, as we have seen, who organized the Poles during the World War and proclaimed the independence of the Polish State. Between 1918 and 1922 Pilsudski served as President, or Chief of State. In the first elections, which were held in 1919, the issue was between a group led by Paderewski, the famous pianist, turned politician—who believed in a program of vigorous action against Russia—and the followers of Pilsudski, who stood for peace and internal development. The nationalist elements in Poland won the day; and when the Diet met, Pilsudski turned in his resignation as President. The Diet declined to accept this resignation and Pilsudski agreed to continue as Chief of State while Paderewski became Prime Minister. The pianist soon resigned in a huff because the Allies, for the time being, had declined to give Eastern Galicia over to Poland.

THE STRONG MAN OF POLAND

Marshal Joseph Pilsudski

Although Pilsudski was personally popular, he was also feared. This became evident in the debates over the President's powers in the Constitutional Assembly which met in 1921. The issue was as to whether the President should be Commander-in-Chief of the army in time of peace as well as in war. It was finally provided that when war broke out the President should transfer this duty to another person. In 1922, Pilsudski antagonized the Diet by summarily dismissing the Prime Minister on the ground that he was not vigorous enough in his policy toward Russia. Great criticism was aroused because he had taken this action without consulting the Diet. The latter body finally passed a resolution, stating that henceforth the President must consult a parliamentary commission in regard to Cabinet selections. Pilsudski silently accepted the rebuke and paid for his high-handed action by witnessing the election of another President in the elections held in November 1922. But the new Chief of State was soon assassinated, and the country was saved from disorder only by the appointment of Pilsudski as Chief of Staff and by the proclamation of martial law.

While a new President was elected, Pilsudski continued to exercise influence through his position as military Chief of Staff. In November 1925, he virtually served an ultimatum on the President, demanding the discharge of the Minister of War. The President gave way—a fact which encouraged Pilsudski to demand the position of Inspector-General in the army. The President and Cabinet, however, decided against Pilsudski, which angered the parties of the Left, to whom Pilsudski was a popular hero. Throughout these years the confusion was so great that for periods

ministries were forced to function without any parliamentary support. The people became disgusted and demanded a dictatorship. At this stage, the parties of the Left introduced a bill into Parliament making Pilsudski Inspector-General of the army and giving him other powers. The bill passed, in spite of the President's opposition, whereupon the Cabinet resigned. But instead of appointing a friend of Pilsudski as Prime Minister, the President appointed M. Witos, his bitter enemy. This was a challenge to Pilsudski. Either he must retire from the army and politics or meet the challenge. He chose to do the latter. Organizing his followers, he laid siege to Warsaw in May 1926, and after a three days' struggle, forced the President and Prime Minister to resign. In a moment of self-abnegation, Pilsudski refused the demand of his followers to install a dictatorship and decided to govern through constitutional channels. He declined to accept the Presidency, to which he was elected by the National Assembly, on the ground that that office should remain aloof from party politics. The Assembly thereupon chose as President Professor Ignace Moszicki. After attempts to organize a government, the President finally turned to Pilsudski, and induced him to become Prime Minister in October 1926. Since that time, the reins of government have been in the hands of this military leader, who assumes the scowl of a dictator, but who, unlike Mussolini and Primo de Rivera, governs through parliamentary forms. At heart he has not forgotten the liberalism of his Socialist days, but he is first and foremost a Pole and a patriot. The elections of 1928 further strengthened Pilsudski's position, whereupon he expressed a desire to amend the con-

stitution so as to transfer the election of the President from congress to the people, thus diminishing the importance of a turbulent parliament.

Perhaps the greatest improvement noticeable within Poland during the last two years has been in regard to finance. The early military campaigns, which cost a hundred billion marks, wrecked the Polish financial structure, and as a desperate remedy the Ponikowski Government resorted to the good Socialist panacea of a capital levy. Despite this step, the budget did not balance, and the zloty continued to depreciate. In 1923, Finance Minister Grabski attempted to put an end to inflation, restrict expenditure, float a foreign loan, and return to the gold standard. But his efforts were without avail because of the unwillingness of groups in Parliament to make financial sacrifices. In this respect Polish history paralleled that of France. Grabski finally induced Parliament to give him "full powers" to carry out the financial reforms which he deemed necessary, and he transferred the issuance of paper money to the Bank of Poland (*Bank Polski*). Henceforth the government could not issue paper money to meet the deficit of the country. Grabski later established an alcohol monopoly, and, in 1925, floated a $50,000,000 loan in the United States.

In July 1926, at the invitation of the Polish Government, an American Financial Commission, headed by Professor E. W. Kemmerer of Princeton, visited Poland and made a thorough study of the financial situation. This commission criticised various aspects of the Polish tax and fiscal systems, the artificial support given to export trade and the heavy charges imposed upon the country for com-

pulsory social insurance, and recommended a number of reforms.[1]

The Commission declared that it was essential to restore confidence in the zloty, both in Poland and abroad, and to stop fluctuation in the new currency. Following these recommendations, the Polish Government enacted various reforms, floated a stabilization loan in the United States—at the high rate of eight per cent—and employed an Assistant Secretary of the Treasury of the United States as financial adviser and director of the Bank of Poland. He of course resigned from his American position to take this office.

Within the last two years the economic as well as the financial position of Poland has greatly improved. One indication of Poland's financial recovery is shown by the fact that the discount rate of the Bank of Poland has been gradually reduced from 12 per cent, in June 1926, to 8 per cent in May 1927.[2] The output of pig iron and steel practically doubled between 1925 and 1927, while the average monthly output of coal increased from 2,420 thousand tons in 1925 to 3,204 thousand tons in 1927. The value of imports of raw rubber increased from 630,000 zlotys in 1924 to 7,000,000 in 1926. A railway system has been created, and Warsaw has become a modern European city. While great material progress has been made, Poland is not yet a wealthy nation. Her per capita national wealth is less than half that of Czechoslovakia, and less than a third that of France. Per capita foreign

[1] *Reports Submitted by the Commission of the American Financial Experts*, Ministry of Finance, Warsaw, 1926, pp. 90 ff.

[2] *The Economic Progress of Poland, 1928*, published by the Ministry of Industry, p. 18.

trade in Poland is 78.3 marks, in comparison with 659.9 marks for Czechoslovakia.

Minorities in Poland

Poland has experienced perhaps even greater difficulties with her minorities—but here also progress has been made. There are about 20,000,000 Poles in Europe, but the Polish State, which arose upon the ashes of conquest, contains at least 27,000,000 inhabitants. In other words, seven million, or 30 per cent of the inhabitants, are non-Poles. This is a larger percentage of minority population than is to be found in any other state in Europe, with the possible exception of Rumania. The largest non-Polish element is that of the Ruthenes, who constitute the majority of the population in Eastern Galicia and comprise nearly 14 per cent of the total population of the country. The second largest element is formed by the Jews, with 7.8 per cent of the total population. These are scattered throughout the cities. The third minority is that of the Germans, who number about 3.8 per cent of the total population. In addition there are a number of White Russians and Lithuanians.

In order to avoid the abuses which the minorities had been forced to suffer in the past, the Paris Peace Conference imposed certain obligations on Poland, as well as on nine other new states. According to a treaty which Poland signed in 1919, the minorities living in Poland had the right to become citizens of Poland if they had been born in the territory. If they did not wish to become citizens, they had to leave the country. No person might be deprived of life and property or of the free exercise of reli-

gion. All citizens belonging to minorities were guaranteed equality in civil and political rights—the same right to vote and hold office as was exercised by the Poles. Minorities were also guaranteed the right to retain the use of their mother tongue in business, religious services, public meetings and courts of law. They might establish their own schools, and the Jews might keep their own Sabbath. Poland promised not to hold elections on Saturdays. In districts where a minority formed a "considerable portion" of the population, instruction in elementary schools was to be given in the minority language and such schools were to receive a fair share of the public school fund. The League of Nations was charged with the enforcement of these obligations, and a minority might complain to the League Council in case of alleged violation.

While Poland was obliged to accept the minority treaty as the price of independence, she was in no mood to live up to all its obligations. Between 1920 and 1924 some minorities suffered from a régime of virtual terror, particularly in Eastern Galicia. During this period the rights of the Jews were generally disregarded. In the city of Warsaw there are four times as many Jews as there are in Palestine. Unlike the Jews of the western world, they cling to the tradition and garb of their fathers—the men wear long beards, black skull caps, and high-buttoned gabardines. They have lived apart, unwilling to join the national life-stream and are difficult to assimilate.

The minority treaty and the principle of toleration are not popular with the Conservatives. When the Socialists declared that Poland was mistreating minorities, just as Germany had mistreated the Poles before the war, a cry

arose from the Conservatives for the abolition of the minority treaty altogether.

Both Russia and Germany were interested in the plight of their former nationals in Poland. Realizing the necessity of enforcing the treaties, the Polish Government enacted a law in September 1922, granting autonomy to Eastern Galicia. Provision was made for local diets, each having a Ruthenian and a Polish chamber. So many restrictions were imposed upon the plan that the Ruthenes do not yet admit that Poland is fulfilling her requirements under the minorities treaty.

A more important step was taken in July 1924, by the Grabski Ministry, which enacted three statutes dealing with the language to be used in government offices, in the courts and in the schools. Although Polish is still used as the official language, Lithuanian, White Russian and Ukrainian may also be used officially in the communities where such languages are currently spoken. The second law provides that these languages may similarly be used in the courts, while the third declares that at the request of the parents of 40 children, private schools may be opened in regions where a non-Polish minority amounting to 25 per cent of the population exists. Such schools may give instruction in Lithuanian, White Russian or Ukrainian, but in all cases, Polish history and geography must be taught in the Polish language. In order to apply these laws sympathetically, Prime Minister Grabski appointed a leader of the Peasant's party, M. Thugutt, head of a section on minorities. M. Thugutt soon resigned, however, on the ground that the Cabinet was reactionary.

The 1924 laws had not for some reason applied either

to the Germans or to the Jews. But in the Declaration of Warsaw, the Jews formally recognized their duties to the Republic, while in return the Government promised to give greater attention to the needs of the Jewish population in business and educational matters. Legislation was thereafter enacted extending to the Jews privileges accorded to other minorities and recognizing various Jewish holidays.

The German colonists in Poland who constitute the best educated minority occupy a special position. The Poles have been especially hostile toward them because many Germans were settled on land forcibly expropriated by Germany from the Poles. Most of these Germans held leases or other complicated titles from the German Government. Naturally Poland wished to recover all such land, and in a law of July 1920, the Government declared its intention of cancelling contracts whereby tenants who held land from the old German Government could not show legal titles. A dispute which arose over the application of this law between Germany and Poland finally came before the Council of the League of Nations and the World Court. The Court held that Poland must respect private rights, and after further negotiations Poland agreed to compensate each of the German colonists who had been evicted. They numbered about 2,000 up to September 1923.

The political importance of the minority populations is illustrated by the fact that out of a total of 444 seats in the Polish Sejm 89 are held by representatives of minorities. Some of these have formed a Minorities Bloc, which commands 65 votes. While progress has been slow in solv-

ing the minority problem, and while the goal in Poland has by no means yet been attained, great gains have been made during the last seven years. Some far-seeing Poles hope to create a federation of races in Poland, each of which will enjoy an autonomous life, although federated for national purposes. Within this federation they hope to include Lithuanians, White Russians, and Ukrainians, most of whom now live outside of Poland. The future will probably see a contest—perhaps peaceful—between Russia and Poland for the allegiance of these less advanced peoples. As a result of the Treaty of Riga, the White Russians and the Ukrainians are divided between Russia and Poland in the ratio of 4 to 1. Sooner or later these peoples will probably wish to be united, whether under Russian or Polish rule. It remains to be seen which can offer them the most attractions. Russia has made a beginning by establishing a White Russian Republic as one of the six constituent parts of the present Soviet Union. In the case of the Ukraine, Poland may as well recognize that her hopes for control over this granary of Russia are slim indeed. There is no longer any question of Ukrainian independence.[1]

Closely connected with the minorities question is that of the land. The establishment of small Polish proprietors was regarded as necessary in order to uproot the influence of the German and Russian landlords, and to give the peasants a stake in the country which would prevent them from turning Bolshevik. In 1920 legislation aimed to aid the peasants was enacted, but the Conservative opposition

[1] Though the Ukrainian may not like the Great Russian, he does hate the Pole, whom he regards as an hereditary enemy.

—the aristocratically-minded Polish landowners—prevented the law from being enforced. In 1925, Grabski again induced Parliament to pass a law, this time providing that no person could hold more than 450 acres of rural land. Owners of land in excess of this amount were to have the surplus taken away, although they would receive compensation. While this bill passed the lower house, it encountered opposition in the Senate, where the Conservatives were strong. The Senate amended the bill so as to increase maximum holdings to 1,000 acres, and postponing forced partitioning until 1927. So many changes were made in the bill that it is doubtful to what extent it will solve the Polish land problem, or whether the minorities will derive any benefit from it.

Despite its inauspicious birth, the nation of Poland is coming into its own. Originally regarded as a "puppet" state, or satellite of France, created as an artificial buffer which could not long endure unsupported, Europe has come to look upon Poland as a permanent unit which must be reckoned with in the future. A state of 27,000,000 inhabitants, Poland has territory larger than that of Italy, and in population ranks fourth among the states of continental Europe. The Germans no longer regard the Poles as inferior beings, and although some still use the term *Polnische Wirtschaft* to indicate work carelessly done, Germany is now treating Poland as an equal.

The Polish people have many admirable characteristics. They have high artistic and cultural qualities, and are gradually demonstrating political competence. They are probably more patriotic than any other people in Europe. It is a tragedy that for the last nine years there has been

a theoretical "state of war" between Poland and Lithuania and that for five years the relations between Poland and Czechoslovakia were not cordial. The economic existence of the country depends upon the development of economic relations with Russia and with Germany, which are still for political reasons in a suspended state. There are signs, however, that Poland has learned the virtues of moderation. The people are settling down to work, and are adopting a more conciliatory attitude toward their minorities. Conscious of their increasing power, they desire to stand on their own feet and consequently are becoming a little resentful of French aid and advice. While disputes will undoubtedly arise in the future over the Eastern Frontier, and while certain parts of this frontier may be changed to the benefit of Germany, it would appear that Poland has won for herself a permanent place on the map of Europe.

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NORWAY
Oslo
SWEDEN
Stockholm
Göteborg
ÅLAND IS.
FINLAND
Helsingfors
GULF OF FINLAND
Leningrad
Reval
ESTHONIA
Lake Peipus
Dorpat
Gulf of Riga
Riga
GOTLAND
BALTIC SEA
Windau
LATVIA
Mitau
Dvina R.
Libau
Dvinsk
DENMARK
Copenhagen
Memel
LITHUANIA
Kovno
MEMEL TERR.
Niemen R.
Tilsit
Königsberg
Vilna
Minsk
Flensburg
SCHLESWIG-HOLSTEIN
FIEL CANAL
HELIGOLAND
Free City of Danzig
EAST PRUSSIA
Elbing
Allenstein
Suvalki
Grodno
Niemen R.
Dirschau
Marienwerder
Tannenberg
CURZON LINE
Hamburg
Bremen
Elbe R.
Stettin
Oder R.
Bromberg
Vistula R.
Bug R.
POLAND
NETHERLANDS
GERMANY
Berlin
Warsaw
Brest-Litovsk
Pinsk
Pripet R.
U.S.S.R.
Wms. Eng. Co., N.Y.

CHAPTER XII

THE NEW BALTIC

Of the four seas which bound the borders of Europe, the Baltic enjoys one of the most important economic and strategic positions. In 1914 the entire eastern shore of the Baltic was under the control of Russia and Germany. The position of these two states was a potential menace to the security of their weaker Scandinavian neighbors, who people the long peninsula on the far side of the sea—and to Denmark, which occupies a commanding position at its entrance. Because of their weakness, it was to the interest of Norway, Sweden and Denmark to follow a policy of neutrality toward European rivalries. It was moreover, to the interest of England, and to a certain extent of France, to guard against the extension in this area of German and Russian influence.

To prevent the Baltic from becoming a closed sea, France and Great Britain had signed an agreement in 1855, in effect guaranteeing Norway and Sweden against Russian attack. In 1907 these two states, together with Germany and Russia, had guaranteed the integrity of Norway, which had separated from Sweden in 1905—a guarantee which was aimed at forestalling the possibility of this new kingdom falling into Russian hands. In the following year Germany, Denmark, Russia, and Sweden also signed an

agreement promising to respect the *status quo* in the Baltic, and to communicate with one another on the subject of measures to be taken in case it should be menaced.

The World War brought about a profound change in the position of Germany and Russia on the Baltic. Except for a little territory south of Leningrad, Russia was forced to withdraw from the shores of this sea, and her place was taken by five new states—Finland, Estonia, Latvia, Lithuania and Poland, each with national aspirations of its own. Germany not only lost Danzig, but was deprived of the strategic hold which she had maintained over the entrance to the Baltic before the War. This hold had been gained during the nineteenth century. Perhaps the leading cause of the famous Schleswig-Holstein War of 1864 had been Bismarck's desire to acquire the port of Kiel as a naval base and to make possible a canal extending across the neck of Denmark and connecting the North Sea with the Baltic. This canal was made possible after that war and was formally opened in 1895. Henceforth the German Navy could not be bottled up in the Baltic by an enemy fleet lying off the Little Belt—the passage into the Baltic—but could silently steal through the canal to the North Sea and the open ocean. In 1890 Germany made another master stroke by inducing England to cede to Germany the tiny island of Heligoland commanding the Elbe estuary—the key to the Kiel Canal plan. In a treaty of July, 1890, England handed over this island to Germany in return for German recognition of a British protectorate over Zanzibar. Little did England realize that Heligoland, converted into a heavily fortified naval base, would be used against the British fleet during the World War!

Finally, in 1864, Germany annexed from Denmark the islands of Aaro and Alsen which dominate the Little Belt and converted Alsen into a German naval station. Thus by 1914 Germany dominated the entrance to the Baltic by the Kiel Canal, which was exclusively under her control, by bases and stations at Kiel and Heligoland, and by strategic islands in the Little Belt. In addition, she maintained a navy which challenged the British supremacy of the sea.

All this planning of the German strategists was brought to naught by the Treaty of Versailles. Although the Kiel Canal was not taken from Germany altogether, as some people advocated, the treaty stipulated that the canal should be open equally to all nations, whether for ships of commerce or for ships of war. In 1921, the French attempted to send a ship named the *Wimbledon* through the canal with 4000 tons of munitions destined for Poland, then at war with Russia. The Germans refused to admit the ship on the ground that it would violate German neutrality. The case was finally referred to the World Court, which decided that under the treaty Germany was obliged to admit warships of states at peace with Germany. Germany was obliged to pay damages to the French company whose ship had been detained.

The Treaty of Versailles also provided that an area including the islands of Alsen and Aaro should not be fortified, and that all fortifications on the island of Heligoland should be destroyed. Moreover, no guns commanding the maritime routes between the North and the Baltic Sea might be installed. Finally, as we have seen, the German navy was virtually eliminated. As a result of these meas-

ures the German position on the Baltic was destroyed, while the British navy gained important strategic advantages and the French acquired an indirect influence through the new position of Poland at Gdynia, near Danzig. The separation of East Prussia from the rest of Germany lessens the possibility of the extension of German influence throughout the new Baltic states, which at one time was the aim of German diplomacy.

The peace treaty sought to remedy another international grievance in this part of the world by authorizing a plebiscite in two zones to determine whether or not Schleswig-Holstein should be returned to Denmark. As a result of this plebiscite, the first zone—that of northern Schleswig—voted to return to Denmark, while the second zone, which included Flensburg, voted to remain with Germany. According to most reports the Danish Government has shown an exemplary spirit of toleration in her treatment of the German minority which passed to Denmark by this transfer.[1]

The Scandinavian States

The three older states of the Baltic—Norway, Sweden, and Denmark—were comparatively unscathed by the war. Sweden is a country of woods and mountains, and is rich in mines. Norway is the center of the fishing industry, and is undertaking important hydro-electrical developments. Denmark is primarily an agricultural country, whose dairies are known throughout the world. With their well-established political institutions these states in many

[1] However, a Separatist movement in Schleswig has recently arisen. *Le Temps*, August 8, 1928.

respects lead Europe in social and political experiments. In all three countries cooperative societies play an important part in the life of the people. The standard of education and social well-being is high. Scandinavia is the home of the Nobel Peace Prize. Alfred Nobel was the inventor of dynamite and smokeless powder, and left his fortune to be devoted to prizes for those who have done most service to humanity through research and invention, through literature, and through the promotion of peace. Scandinavians have also contributed important explorers and writers to the world. Fridjof Nansen conducted a famous expedition in search of the North Pole and later became a well-known figure in the League of Nations. The literary work of Henrik Ibsen and of Georges Brandes is known throughout the world. These states have taken the lead toward strengthening the League of Nations.

Recognizing the futility of attempting to arm against the great powers, the Danish Government in April 1924, introduced a bill for nearly total disarmament. The bill finally passed the lower house of the Danish parliament in March 1926, but was rejected in the Senate in June 1927.

The only important dispute which has arisen between these Scandinavian States in recent years has been over the question of Greenland. Denmark claimed the sovereignty over the whole of this truly immense semi-arctic island, which is closer to North America than it is to Europe, on the ground that its west coast is peopled with Danish settlers. Norway claimed Greenland on the ground that her people had for years exercised hunting and fishing rights along the coast. In a declaration accompanying the Virgin Islands treaty of 1916, however, the United States recog-

nized the Danish claim. After long negotiations, an agreement was signed in January 1924, which left the question of sovereignty over Greenland undecided, but which safeguarded Norwegian rights in the territory. This treaty is to last for twenty years.

Following the World War, Norwegians also demanded the return of the Faroe Islands and Iceland, held by Denmark, but which at one time had been under the Kingdom of Norway. The people of these islands are Norwegian in speech. Apparently to remove all cause for discontent, Denmark passed the Law of Union in 1918, granting to Iceland virtual independence. Although the conduct of foreign affairs remains in Danish hands, an advisory body, half from Iceland and half from Denmark, deals with bills introduced in the parliament of either country affecting the Law of Union.

Norway also secured recognition to her rights in Spitzbergen—an island rich in coal far to the north of Europe —in a treaty signed by the Powers in 1920, which finally went into effect in 1925. This treaty provides for the open door, especially in regard to the exploitation of the mines.

The settlement of these disputes has cleared up the last obstacles to the close association of the Scandinavian states. During the last several years a number of conciliation and arbitration treaties between these states have been signed.

The New Baltic States

The new states of the Baltic have naturally had a more difficult time than their older neighbors. Finland, Estonia, Latvia, and Lithuania, which formed a part of Russia

before the War, are now free. All of these states are Lutheran in religion except Lithuania, which is predominantly Roman Catholic. While all of them have a sturdy national peasant class, their existence is complicated by the presence of German, Russian, and Polish minorities, who in the past dominated local economic and political life and at the same time remained aloof from the local peoples.

Finland, Estonia, and Lithuania took advantage of the Russian Revolution to proclaim their independence in the fall of 1917. Latvia followed suit in January of the following year. These states soon had to pay dearly for their fortitude. Soviet Russia, wishing peace at any price, signed the treaty of Brest-Litovsk with Germany in March 1918, in which she virtually turned over to Germany her Baltic provinces. In the same month German troops, under General von der Goltz, entered Finland and brought to an end the local communist régime. Out of gratitude the Old Finn party induced the Diet to offer the "Finnish Crown" to a German prince, but the monarchist movement collapsed before the offer was accepted. Latvia and Estonia, territory already ravaged by the war, also fell into German hands. At the time of the armistice of November 1918, German troops held the Baltic provinces under their control, and a reign of requisitions, if not of terror, prevailed. The armistice agreement provided that Germany should evacuate all of this territory as soon as the Allies should request it. The plan was that the Germans should protect the Baltic, meanwhile, from a Bolshevik invasion. But it led to a prolonged controversy between General von der Goltz and other Germans and the Allies,

which finally came to an end with the evacuation of the Baltic states by December 1919.

Despite their efforts to secure the recognition of the Allied powers, the Baltic states gained little or nothing at the Paris Peace Conference. This was partly because the United States did not wish to see the disintegration of the territories of the old Russian Empire. Except for Finland, which was admitted in 1920, the Baltic states did not enter the League of Nations until September, 1921.

Russia showed a much more sympathetic attitude toward the new Baltic states than did the Allies. To prevent them from becoming centers of anti-Soviet intrigues, Soviet Russia recognized their existence promptly and made peace with them. In the Treaty of Tartu, February, 1920, Russia first made peace with the little republic of Estonia. In the following July she signed the Treaty of Moscow with Lithuania; in August, she signed the Treaty of Riga with Latvia; and in October she signed the Treaty of Dorpat with Finland.

In the treaties with Estonia, Latvia, and Lithuania, Soviet Russia proclaimed the "right of all peoples freely to decide their own destinies, and even to separate themselves completely from the State of which they form a part." These conventions contain a number of provisions in regard to territory bordering the Russian frontiers, by which Russia hoped to make her strategic position more secure.

These treaties likewise provided for the transfer of government property to the new states, and regulated such questions as nationality and citizenship. Finally, they laid down principles in regard to commercial relationships,

particularly the uninterrupted right of Russia to ship her goods across the Baltic to the Atlantic. Russia relieved the four Baltic countries from the obligations, usually imposed upon successor states, of assuming a portion of the debt of the government under which they were formerly placed.[1]

The states which now arose out of the ruins of Imperial Russia have a population and area as follows:

	Population	*Area*
Finland	3,500,000	150,222 sq. miles
Estonia	1,109,479	18,355
Latvia	1,885,870	25,000
Lithuania	2,165,121	33,000
Poland *	27,192,674	149,933

* Poland is discussed in another chapter.

Finland

The largest and probably the strongest of these states is Finland. A country of northern beauty, with great forests and hundreds of lakes, Finland is inhabited by a Finno-Ugrian stock, said to be distantly related to the Magyars and the Turks. Before 1809, when she submitted to Russian rule on condition that she retain her local government, Finland had been independent. Russia, however, had ignored this condition, and when the March 1917, revolution came in Russia, Finland too was quick to revolt. She claimed that the overthrow of the Tsar automatically terminated her allegiance to Russia. Since that time Finland has put down the Communist element on the one hand, and the pro-German, pro-monarchist element on the other. According to the Finnish constitution

[1] League of Nations *Treaty Series*, Nos. 67, 91, 94, 289.

of 1919, Finland is a sovereign republic, having a president and a single-house legislature. Both Finnish and Swedish are the national languages of the country. Already the people have demonstrated a high degree of political capacity.

The Finns have high artistic qualities, particularly in architecture. The work of Gottlieb Saarinen is well-known outside his own country. The Finns have also made important contributions to music—Jean Sibelius being their best known composer. As early as 1830 the Finns began discussing women's rights; and in 1906 the Finnish women received the right to vote. Sports flourish in the country; at the Olympic games at Amsterdam, Finland won second place, being excelled only by the United States. Imitating the Scandinavian countries, Finland has developed many cooperative societies. The consumers' cooperatives have a membership of 370,000 members—10 per cent of the total population. Many of these societies not only distribute but also produce goods. They own and operate bakeries, tanneries, leather factories, sausage factories, farms and flour-mills. Some cooperatives have an insurance and pension system. The country has an excellent educational system, with the result that there is practically no illiteracy.

Believing that alcohol would hamper the efficient development of the country, Finland in 1918 adopted and still maintains a prohibition law. But enforcement has proved even more difficult there than in the United States because of the thousands of little islands off the coast, which make the detection of smugglers virtually impossible.

Located between Sweden and Russia, Finland has ex-

perienced difficulties with her neighbors, notably over the questions of Eastern Carelia and of the Aaland Islands. The Aaland Islands are a tiny group, situated at the head of the Baltic Sea, midway between Finland and Sweden, and are inhabited by only 16,000 people. Before 1809 these islands belonged to Sweden, but in that year they were transferred to Russia along with Finland. When Finland became independent during the War, the Aaland Islands fell to her administration. But in two plebiscites the inhabitants expressed a desire to return to Sweden, the motherland. At the Paris Peace Conference Sweden supported this demand, but without avail. In 1920 relations between Sweden and Finland became tense; so to maintain peace, the British Government asked the League of Nations to investigate the matter. The Committee appointed by the Council decided that the islands should remain with Finland. Finland had not misgoverned them and (despite the doctrine advanced by the Bolsheviks for other countries) no minority had the right to withdraw from the community to which it belonged simply at its own pleasure. As a result of the recommendations of this committee, Finland agreed to give the Aaland Islands a system of wide local self-government, to respect Aalander customs, and to demilitarize the islands. An international treaty neutralizing the islands was signed in October 1921.

Less successful was Finland in regard to the district of Eastern Carelia, the majority of whose inhabitants were Finns. Russia declined to surrender this district to Finland because of its desire to control the Petrograd-Archangel Railroad. But in the treaty of Dorpat of October 1920, the Soviet Government promised to grant the people of

Eastern Carelia "the right of national self-determination." In a separate declaration Russia promised to grant the region autonomy, and agreed that the local native language would be used in the administration. After heated correspondence, Finland appealed to the League of Nations in November 1921, charging that Russia was not living up to these obligations. In order to ascertain the legal issues involved, the Council asked the World Court for an opinion as to the international effect of the Treaty of Dorpat. The Court invited Soviet Russia, who belonged neither to the League nor to the Court, to assist in the examination of the question, a request which was indignantly refused. Russia insisted that this was a domestic question, and the Soviet Government did not believe that the League or the Court would be impartial in the matter. In June 1923, the World Court ruled that in view of Russia's objections, it had no jurisdiction. At present, it seems that the tenseness of relations between Finland and Russia over Eastern Carelia has relaxed.

Realizing the delicacy of her geographical position, Finland has carefully avoided being used as an anti-Bolshevik base and, fearing Russian complications, has declined to enter a Baltic federation. In 1924 she participated in a conference between Sweden, Norway, and Denmark for the purpose of drawing up conciliation agreements, and has since apparently cast her lot with the Scandinavian powers.

Estonia

Estonia is the smallest of the Baltic states. Its southern provinces are particularly fertile, while the north is rich

in forests and has some mineral bituminous rock. Reval is one of the best ports of the Baltic and the outlet of much Russian commerce. Altogether Estonia possesses twenty-four ports and harbors.

Strangely enough, one of Estonia's most serious problems is a disproportionately large intellectual class, for the most part graduates of the University of Dorpat, established in the seventeenth century by Gustavus Adolphus and attended now by 5,000 students. Before the war many graduates of the University found employment in Russia. But these openings have for the time being been closed, and today Estonia has a larger proportion of students than any other European country—419 per 100,000, as compared with 110 per 100,000 for Sweden and Finland.

The constitution of Estonia contains some interesting features. The death penalty is abolished; and the armed forces of the republic may not be sent abroad without the consent of the legislative assembly. Plebiscites may be held on all legislation except laws relating to finance, treaties, the declaration of war or peace, etc. In many respects the constitution of Estonia resembles that of Switzerland.

In an effort to improve her financial situation, Estonia in 1924 requested the Council of the League of Nations to send a commission to study economic conditions in the country. The League commission which went to Estonia the following year recommended that the Bank of Estonia should be made independent of the State, so that the issue of paper money for political purposes should come to an end. In order to carry out this monetary reform and to establish a Mortgage Institute, the League recommended

that a loan be floated. In December 1926, the League Council approved the floating of a loan of $6,750,000. Certain revenues, such as excise duties on tobacco and beer are assigned to pay the interest and principal on this loan; and these revenues are controlled by a Trustee, appointed by the League Council.

Latvia

Latvia—a neighbor of Estonia—suffered more severely from the World War than any of the other Baltic states, about 40 per cent of her population emigrating into Russia during the German occupation. During the last eight years Latvia has overcome the handicap of this loss of population and is now one of the most flourishing states on the Baltic. Its superior condition is due partly to the fact that it is blessed with three ports—Libau, Windau, and Riga, the capital. All three of these ports have rail connections with Russia. Before the World War, Riga exported more timber than any other port in the world, and while part of this timber came from Russia proper, Latvia itself is rich in forest products. Dairy-farming and the export of butter is a new and thriving industry. The number of dairies in the state increased from 23 to more than 500 between 1921 and 1925. Exports of butter increased from 17 tons in 1921 to more than 10,000 in 1926. While agriculture has prospered, industry has not recovered its pre-war level. Estonia and Latvia have entered into an agreement providing for reciprocal free trade and an alliance which may have an important effect on future developments. The creation of a High Council for the two states has been proposed. The relations of these

two states were marred in 1927 by Latvia's treaty with Russia.

So anxious was Latvia to secure every possible support against Russia that on May 30, 1922 she signed a concordat with the Vatican, granting Rome a large number of privileges. Despite the fact that the majority of people in Latvia are Lutheran, the Government agreed to turn over to the Roman Catholics a historic Protestant church, and to provide a residence for the Archbishop and buildings for a Catholic seminary. It also agreed to pay salaries to the priests—on the analogy of the payments which it makes to Protestant sects. The conclusion of this concordat was subject to great popular criticism, and was referred to the people in a referendum in 1924.

The Latvian Government is making a great effort to expand education throughout the country. The Letts have enacted legislation prohibiting the sale of alcoholic liquor on Saturday afternoon and Sunday.

Lithuania

The fourth new Baltic state is Lithuania. Except for the internationalized port of Memel, Lithuania has no seaports. Eighty per cent of the people live on the land—there is little industry. The river Niemen, which Lithuania controls, is the natural waterway for Polish timber, the chief export of eastern Poland. But because of strained relations with Poland, this trade was cut off until recently, and the exports of timber from Memel in 1925 were only 63.8 thousand cubic meters, in comparison with 434.5 in 1913. Despite the decline of this traffic, economic progress

has been made. Redistribution of land has stimulated enterprise. The cooperative movement is growing among the peasants, who hope to rival Denmark in the export of butter, cheese and eggs. The temporary capital of Lithuania, Kovno, has been rebuilt and now has the aspect of a modern European city. The budget balances and the foreign debt is negligible. The improvement in the economic condition of the population is indicated by the fact that the consumption of salt increased from .96 kilograms in 1922 to 2.4 kilograms in 1924. It is estimated that the Lithuanian population of the United States sends 20 million dollars a year to the home country. The cost of living for some reason is cheaper in Lithuania than in surrounding countries.

This economic progress has been accompanied by a growth in nationalism. The Russian language has practically disappeared, giving place to the Lithuanian. The country is intensely anti-Polish because of the Vilna question, discussed below. The spirit of nationalism is fostered by the Catholic clergy, which has great influence in the country. An abbot (Abbé Krupavicius), founded the leading party, the Christian Democrats, and became minister of agriculture; another (Abbé Valchaitis) carries on business activities to such an extent that he is called the "Lithuanian Stinnes." Another abbot (Abbé Purickus) has been minister of foreign affairs. Nationalist associations stimulate patriotism among the younger generation. One of them, called the *Chaulai*, is similar to the Black Shirts of Mussolini. It maintains a semi-military organization which attempts to suppress the abuses of officials as well as any manifestations of Bolshevism. It was

this society which organized the attack against Memel in 1923. Its present aim is the "liberation of Vilna." The extremist activities of this society have influenced the Government considerably and some observers fear that the *Chaulai* will impose a dictator on the country.

Unlike her neighbors, Lithuania has found her arch-enemy in Poland, not Russia. The apple of discord has been Vilna, the ancient capital of Lithuania, which after many years of Russian rule was again proclaimed the capital of the new republic in 1917. After prolonged fighting over the city, Russia finally recognized Vilna as a part of Lithuania, in the Treaty of Riga of 1920. Poland, however, cast greedy glances at the little city, claiming that the majority of its inhabitants were Poles. In the dispute between the two countries Lithuania appealed to the League to intervene. This body recommended a boundary line which gave Vilna to Lithuania, and as a result the two governments signed the Agreement of Suwalki in October 1920. But at the very time the Suwalki Agreement went into effect, a Polish freebooter, General Zeligowski, marched into Vilna and forcibly took control of it. Poland has governed Vilna ever since. Lithuania lodged a vain protest with the League, and although the latter recommended a plebiscite, nothing came of it and further negotiations failed. The Allies were not interested in the affair. In 1923 they calmly sanctioned Poland's occupation of the city by recognizing Vilna as being within the Polish boundaries. No one knows the actual wishes of the population of Vilna. But it now seems to be generally agreed that Vilna is inhabited neither by a majority of Poles nor of Lithuanians, but of Jews. Even if the majority of people are

Poles—and this cannot be substantiated—Poland's title rests really upon the act of a bandit general. It is difficult to see what moral or legal right the Allies had in recognizing the Polish seizure of territory which before the war had belonged to Russia and which Russia had ceded to Lithuania in 1920.

Between 1920 and 1927 a technical state of war existed between Lithuania and Poland over this question, which seriously impaired the trade of the two countries. Periodically Lithuania brought the Vilna matter before the League of Nations, but without result. Despite the fact that the people of Lithuania are overwhelmingly Catholic, the Vatican created a special diocese for Poland in 1925 with Vilna as its center. Believing that this constituted a recognition by the Pope of Poland's seizure of Vilna, the Lithuanian Government made a strong protest to Pope Pius XI and withdrew its representative from the Vatican. Negotiations were resumed in 1926 with a view to settling the controversy. But in that year the voters overwhelmingly rejected the proposal to reopen diplomatic relations until the Vatican's recognition of Vilna had been set aside.[1]

In December 1927, the relations between Poland and Lithuania again became menacing. Claiming that Lithuania had mistreated Polish teachers, the Polish Government in reprisal closed a number of Lithuanian schools in the Vilna district. While the minorities question was the occasion of the dispute, the atmosphere was colored by the Vilna controversy. Lithuania finally referred the question to the League Council, which asked the two Prime Ministers,

[1] Graham, M. W. *New Governments of Eastern Europe*, p. 400.

Marshal Pilsudski of Poland and Professor Waldemaras of Lithuania, to come to Geneva and talk the matter over. They came—the Polish Marshal wearing his military boots and carrying a sword. After tense moments at the Council table, the Lithuanian minister said, "It is Peace." And the Marshal replied, "I shall order a *Te Deum* of joy to be sung in all the churches of Poland." Instead of fighting, the two governments agreed to hold a conference to bring an end to the state of war and to settle outstanding differences. The League also appointed a committee to investigate Lithuania's complaints that Poland had mistreated her minorities. After further difficulties, a conference between Poland and Lithuania was finally held at Koenigsberg, but by the next meeting of the Council in June, no settlement had been reached. Instead, Lithuania had proclaimed a new constitution, naming Vilna as the capital of the country. Sir Austen Chamberlain severely lectured Professor Waldemaras for failing to reach a settlement.

While Poland's action in seizing Vilna was high-handed, many observers have criticised the Lithuanian Government for an uncompromising and unduly suspicious attitude, which has made any compromise difficult, and which has perpetuated a state of affairs which works to the disadvantage of Lithuanian economic development. Lithuania alone is not strong enough to oust Poland from Vilna, but the fear hovers over Europe that Russia will one day come to Lithuania's aid. Despite the conservatism of Lithuania's agricultural population, Russia is Lithuania's only friend. She declines to cooperate with the other Baltic states, whom she regards as satellites of

Poland, and she has antagonized Germany by the seizure of Memel. Russia and Lithuania signed a neutrality pact in 1926; and the Lithuanians look with kindliness upon the federation of races which Soviet Russia has established. Should Lithuania return under the protection of a reorganized Russian Empire, the Vilna question would at once become one of the outstanding problems in European politics.

Community of Interest Among the Baltic States

These new Baltic states have had many problems in common. All of them have been obliged to organize new governments and to install new economic systems. All of them are in need of capital and all of them have had difficulties with currencies and with trade balances. For the last four years, however, the budgets of these states, (excepting Poland) have balanced and their exports have increased in proportion to their imports. England and Germany predominate in the Baltic foreign trade.

The Baltic states have had a common agrarian and minority problem. Long before the war, German and Russian barons had acquired a virtual land monopoly along the Baltic shore. In Estonia the German barons, who represented only one-fourth of one per cent of the population, owned nearly two-thirds of the land. This economic supremacy of an alien class made the establishment of democratic republics difficult. All of these states realized that if they were to become truly democratic, and if they were to avoid communism they must give the people a

stake in the land. Consequently they enacted far-reaching measures of agrarian reform. In Finland, the Lex Kallio, enacted in 1922, aimed to divide up the large estates among small holders. The law vaguely provided that the expropriated owners should be compensated. In Estonia, the government passed a land law as early as October 1919, which provided for the expropriation of large estates for the benefit of small landholders. The state reserved for the future the problem of compensating the expropriated landlords. The principle was laid down that the land belonged to those who worked it; no family could have more land than could be worked by one family and two horses. Latvia enacted a Land Act in September 1920, which transferred all large estates to the government, and provided for the division of land among small owners. More radical than other governments, Latvia gave the Baltic barons no compensation for their estates. The Latvian law created 150,000 new proprietors. In February 1922, Lithuania carried out a similar measure. Unlike the other Baltic states, the Lithuania Government defined in detail the basis of compensation for expropriated estates. When less than 375 acres was taken, the average pre-war price of the land was to be paid its former owners in three per cent bonds. Certain other properties were confiscated outright. This reform in Lithuania created 300,000 new proprietors out of a population of 2,200,000 people. By means of these measures, the Baltic states have converted peoples formerly bound to a dull serfdom into free and self-respecting proprietors.

While the problem is not as acute as in Poland, the new states of the Baltic have their minorities problem. A tenth

of the population of Finland is Swedish, while there are small Russian, German, and Lapp minorities. Ten per cent of the people of Estonia belong to minorities, mostly Russian and German, while 20 per cent of the people of Latvia are of alien stock. Nearly 16 per cent of the people of Lithuania are non-Lithuanian, with the Jews constituting the largest minority.

Upon their admission to the League of Nations, Lithuania, Latvia, and Estonia each signed a declaration promising to negotiate with the Council in regard to the protection of minorities. And in May 1922, Lithuania signed a declaration accepting the principles of the Polish minority treaty. The other two states, Estonia and Latvia, objected to the idea of outside interference, claiming that their constitutions already protected minorities, and that the League had no right to insist on any such guarantees. In July 1923, a compromise was reached which avoided the word "guarantee," but in which Latvia practically accepted the same obligations as had Poland and the other states. In September, Estonia accepted the same settlement. In both cases the League Council may hear complaints from minorities within these states. In settling the Aaland Islands dispute, the League Council stated that Finland's constitution contained ample minority guarantees. The only dispute over minorities in this region that has come before the League has been between Lithuania and Poland. In March 1924, Poland telegraphed the League complaining that the Poles in Lithuania were being terrorized, that Polish schools had been closed and Polish property confiscated. They claimed that the Polish members of the Lithuanian Diet who had petitioned the League

in regard to the situation had been obliged to resign their seats and had been tried for high treason. They also complained against the land act and against an Accountancy Law requiring accounts to be kept in Lithuanian. The League Council studied the matter, and made various recommendations, as a result of which Lithuania modified some of the practices to which the Poles had objected. The minorities dispute between Lithuania and Poland again became acute in December 1927, and was referred, as we have seen, to the Council. The minorities difficulty is apparently a reflection of the unsettled Vilna question.

Finally, all of the states of the Baltic live under the fear, subconscious at least, of Russia. In order to protect themselves against their former master and powerful neighbor, and in order to gain the other advantages of close association, the Baltic states have attempted to establish a Baltic federation. Since the Baltic Conference in 1920, Baltic representatives have held seventeen different conferences at each of which some aspect of Baltic cooperation and confederation was discussed. This movement for a Baltic Union was led by M. Meirovics, foreign minister of Latvia, whose untimely death in September 1925, dealt the movement a heavy blow. At one time a definite alliance of the Baltic states was proposed. M. Felix Cielens, the present foreign minister, supports the idea of a Baltic Locarno in which these states, together with Germany and Russia, would guarantee the *status quo* in this part of the world.

The movement for Baltic federation and a Baltic alliance has not materialized. Following the settlement of the Aaland Islands dispute, Finland cast in her lot with the Scandinavian powers, fearful of being drawn by a Baltic

alliance into trouble with Russia. Lithuania, protected against Russia by Polish territory, does not propose to enter into any federation to which Poland is a party. And most of the states fear that a federation would give Poland an overwhelming position because of its vast population. Estonia and Latvia, the states which would gain most from any such movement, signed a defensive alliance at Tallian in November 1923. And in 1927 Latvia signed a commercial agreement with Russia, which was interpreted as a blow against the federation idea.

Russia has always been opposed to the establishment of any such union, which would be dangerous, in its eyes, to Russian security. The only manifestations so far of a common Baltic sentiment are the signature of a conciliation and arbitration convention between Estonia, Finland, Latvia and Poland in January 1925, and the existence of the so-called "Baltic clause" in certain trade agreements granting to the Baltic States certain economic privileges. The signature of the treaty was regarded as a victory for Poland over Russia in the Baltic area.

What the fate of the Baltic states will be, no one may prophesy. The future of Poland seems secure, but that of the Baltic states proper is still uncertain. Perhaps they may become little Denmarks, or perhaps they, or at least Latvia and Estonia, may form a federation and thus jointly maintain their independence. Perhaps Russia, having reconstructed its internal economy and revived its imperial dreams, may return to the Baltic shore. The small size of the population of these countries, together with their economic dependence upon Russia may affect the issue. Most of these states live upon the Russian transit trade. The

establishment of free trade between Latvia and Estonia may encourage development in these two countries. But even so, development would probably be greater from the economic standpoint if these states were included within the Russian economic union. Association with Russia would also give occupation to the surplus graduates of the University of Dorpat. Even among the Baltic peoples there is an opinion that the future of these states lies in a Russian federation, in which each state will retain control of its internal affairs.

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CHAPTER XIII

SOVIET RUSSIA

On November 7, 1927, the Soviet Government completed ten years of continuous rule in Russia. During this decade the Communist party, with no more than 1,000,000 enrolled members, has maintained absolute control over the vast Russian federation through periods of war, revolution and famine. It has survived economic isolation and has suppressed internal opposition. It has held the support of its followers and maintained strict party discipline, despite the fact that economic necessity has forced it to abandon many of the theories of Marxian Communism which it attempted to apply ruthlessly at the outset of the revolution. It has kept alive the doctrine of world revolution while confessing the need of foreign capital for support of Russian industry.

The aims and the early activities of the Russian Communist societies established during the quarter century preceding the revolution of 1917 are important to an understanding of Russia today. It was in the secret councils of these revolutionary groups, organized by Lenin and his followers during the closing years of the Imperial régime, that the political and economic theory as well as the effective party machinery applied in the revolution was developed and perfected. When the disorder and chaos

accompanying the Kerensky revolt offered its opportunity to the Bolshevik minority, its leaders were ready with a whole system of government and a political machine strong enough to put it into effect.

The broad outlines of this early history may be quickly reviewed.

While the first Marxist societies were formed in Russia as early as the middle of the nineteenth century, it was not until 1895, when Lenin became the head of a secret organization in St. Petersburg, that the Communist movement actually gained a footing in Russia. The Communist (Bolshevik) party of to-day is an outgrowth of the isolated revolutionary groups organized in a number of industrial centres in Russia and drawn together at the first congress of the Russian Social Democratic Workers' Party in 1898.

Prior to the first congress, there was no party machinery coordinating the activities of the scattered revolutionary groups already in existence. The development of a party machine meant the creation of a new political force, and immediately led to bitter disputes over its control. The rupture between the extreme radical faction of the party and the liberals followed at the Social Democratic party Congress of 1903. At this congress the radical delegates under Plekhanov and Lenin were in the majority. Opposing the program advanced by the more moderate delegates, they formed a group subsequently known as the Bolshevik (majority), which advocated the overthrow of the Imperial régime by violence and the seizure of supreme power in the name of the working classes, without regard to democratic representation or the will of the people. The minority group, later known as Menshevik, adopted

a more moderate program and refused to subscribe to doctrines of violence, or complete disfranchisement of the middle and upper classes. Like the Labor party in England and the Socialists in France, Germany and Italy, they planned to secure for themselves first a voice in the state and then the control of the government by relatively peaceful means. They professed to recognize the importance of labor in the new state but were not prepared to take supreme power in the name of the masses alone.

The Bolshevik group, once separated from the moderates, promptly set about developing its own party mechanism. Delegates were sent by revolutionary organizations in the factories to the periodic party congresses, which were the scene of prolonged discussion of every phase of the revolutionary movement. Here new recruits had an opportunity of showing their powers of leadership and being promoted to the Central Committee, or of revealing their weaknesses and being dropped from the party organization. Direction of affairs was placed in the hands of a small and select Central Committee, which was the real driving force behind the movement. This committee organized propaganda among the workmen, published revolutionary pamphlets and newspapers for underground distribution, drew up party programs and resolutions, determined policies to be pursued with respect to other revolutionary groups, and called the periodic congresses which usually stamped their measures with approval. From the outset, the Central Committee was composed of intellectuals, not for the most part of proletarian origin. This anomalous condition is still explained by the leaders as a temporary measure awaiting the day when

labor, conscious of its own interests, will take the helm. Of the leaders in control of both the party and the government today, the names of many are found on the rosters of the Central Committee of twenty years ago.

During the preparatory period, two basic principles of revolutionary strategy were laid down:

1. The party must remain radical. The Communist leaders rejected all overtures for collaboration advanced by the Menshevik liberals whose policies were considered weak and ineffective.
2. There must be absolute obedience by subordinates in the party. Strict party discipline was instituted, heavily penalizing "political heresy," and excluding from membership all elements which might pervert the purity of the party's revolutionary doctrine.

These principles remain today a basic tenet of the party creed. In spite of their determination and resourcefulness, the Bolsheviks failed to reach their goal in the revolution of 1905. The unrest during this period of the Russo-Japanese War marked the rise of Soviets, or local councils of workers, which were the first truly revolutionary organizations representing the lower classes. The Bolsheviks competed with the Mensheviks in trying to secure control over them, but failed and were forced to recognize that the ground had been insufficiently prepared for their triumph. The Mensheviks meanwhile, following the unsuccessful revolution, captured a number of seats in the Duma which had been organized by the Czar as a concession to the discontented population.

In the years between the first revolution of 1905 and

the World War, the Bolsheviks applied the lesson of their failure and redoubled their secret agitation among the workers. But their gains were not comparable to those of the liberals, who succeeded in winning the support of the powerful middle class. Had a popular election been held in 1914, it is entirely probably that the Bolsheviks would again have found themselves in a minority.

At the outbreak of the war in 1914 the liberal Socialists refrained from provoking revolutionary unrest and wholeheartedly supported the government. The Bolsheviks, on the other hand, were irreconcilably opposed to the war. Communist sympathizers in the Duma were imprisoned and many of their secret organizations were wiped out. A few leaders succeeded in escaping abroad and continued their labors in Switzerland. But if their refusal to cooperate with the government was unpopular in 1914, their policy won many supporters as Russian losses mounted later on during the course of the war.

When discontent among the masses had increased to the point where a revolution became inevitable in the beginning of 1917, the moderate socialists overthrew the Imperial Government and organized the Kerensky Government. The Liberal revolution, however, enabled the Bolsheviks to re-enter the political arena. The release of political prisoners by the Kerensky Government was followed by the return of exiled Bolsheviks from foreign countries. The Bolsheviks concentrated their military support in Kronstadt, outside of Petrograd. Their agitators were everywhere calling for cessation of hostilities, the return of soldiers from the front and the partition of land by the peasants without awaiting the liberal government's

action. They exploited the difficulties of the Kerensky Government, which was vainly trying to continue the war against the Central Powers and delaying agrarian reform. The opening of the prisons allowed the lowest elements of society to spread disorder everywhere.

During the summer of 1917 the Bolsheviks failed to secure a majority in the Soviets of workers and peasants which had sprung into existence in the first days of the revolution. But as their program of peace and distribution of property gained popularity they succeeded in capturing control of a number of important Soviets and in winning the support of radical Mensheviks. The Bolsheviks strengthened their position in Petrograd during the autumn, and in November they finally broke down the discipline of the troops, and carried through a successful *coup d'etat.* "The provisional government is deposed," read the first Bolshevik proclamation, "the powers of the state have passed into the hands of the organ of the Petrograd Soviet of Workers' and Soldiers' Deputies, the Military Revolutionary Committee standing at the head of the Petrograd proletariat and garrison." At last the theories so long discussed in the secret party congresses could be put into practice.

The Bolshevik Régime

The amazing transformation in government, industry and commerce wrought by the Communists during the first years of their régime is almost without parallel in history. No summary review of acts or events can begin to describe the kaleidoscopic changes which affected every

phase of the existing social order. Thousands of decrees were promulgated by every conceivable Communist agency, from the local Soviet of workers in the cities to the national Soviet Congress in Petrograd. With startling speed the Soviet Congress, which was meeting at the time of the *coup d'etat,* enacted revolutionary legislation, nationalizing factories and banks, abolishing titles and class distinctions, dismissing the Constituent Assembly, and creating in its place the Soviet of People's Commissars, a small inner council headed by Lenin and vested with almost limitless authority. Miscellaneous decrees were issued instituting accident insurance for workers, changing the procedure of divorce, announcing the independence of Finland and starting peace negotiations with Germany. The whole machinery of the Communist party was employed to enforce the decrees and carry out the sweeping legislation.

During the early months the Bolsheviks were supported by the left wing of the Menshevik party, but the necessity for carrying the revolution into the rural districts and the villages soon broke the alliance. When the shortage of food in the cities threatened the proletariat and the Red armies with starvation, Lenin undertook to requisition grain by force and to arm the poorest peasants against the richer peasants and the landowners. The Mensheviks protested against the decrees and finally refused to cooperate further with the Bolsheviks. Opposed by the more moderate radicals as well as by the bourgeoisie, the Communists resorted to the terror to crush all opposition within and without the ranks of their party. "To crush with arms and without mercy all counter revolutions"

became the slogan of the leaders. In a decree issued on June 14, 1918 the Central Executive Committee resolved "to exclude from membership the representatives of the parties of the Socialist revolutionaries (Right and Center) and the Mensheviks," and to forbid local Soviets to admit these groups to membership.

Thus almost at the outset the Bolsheviks found themselves alone, a small minority confronted with the problem of maintaining themselves in power and governing a vast unorganized majority. The position of the Bolsheviks, or the Communists, in large measure explains the important rôle played by the party in the administration of the government, and the structure of the governmental system which they established.

Sources of Strength

The Communist party with its powerful organization and its carefully selected membership is the dominant force in the Soviet Government and indirectly controls the mechanism of Soviet trade, industry and finance. Moreover, the party is the chief force in the Third International, an organization created for the purpose of carrying revolutionary propaganda to foreign countries and preparing for the world revolution.

With few exceptions, the same group which took control of the Russian state in 1917 directs the party to-day. While in a distinct minority in the party, this group maintains its authority by its prestige, its experience in revolutionary government, and its unflinching will to lead.

The present organization is an elaboration of the structure perfected prior to the revolution. At the head is the plenum of the Central Committee, composed of two bureaus—the Political Bureau, and the Administration Bureau. The highest party position is now occupied by Joseph Stalin, who as General Secretary has inherited much of the authority exercised by Lenin. The plenum, consisting of some twenty regular members and alternates, is elected by the Central Committee, which, like the Party Central Committee before the revolution, is elected by the Party Congress. The Party Congress, meeting once a year, discusses the general policy of the party and theoretically enjoys supreme authority in all party matters.

At the foot of the party organization are the Communist "cells," or political clubs, composed of all loyal party members in factories, villages and military units. The duties of the cells consist in propagandizing the masses, admitting new members and in general controlling the political activities of non-Communists around them.

The membership of the party has grown from approximately 100,000 in 1917 to about 1,000,000 at the present time, of whom roughly 50 per cent are workmen, 25 per cent peasants and 25 per cent employees and officials.

The party has two important auxiliaries—the Komsomol (Communist Youth Organization) with a membership of almost 2,000,000, and the Pioneers (Communist Children's Organization) with a membership equal to that of the Komsomol. Young people under twenty are admitted to the party only through these organizations.

The strength of the Communist Party rests on the following facts:

1. The direct relationship between the Communist party and the Soviet Government is perhaps the greatest secret of the party's strength. At the party congress of 1919, it was resolved that:

> "The Communist party makes it its object to win a decisive influence and complete leadership in all the organizations of the workers. . . . In all Soviets it is absolutely necessary to organize the Communist Party groups subject to party discipline. These groups (or 'cells') must comprise all the members of the Communist Party in a given organization. The Communist Party must win for itself domination over the Soviets and actual control over their leaders through a persistent advancement of its own most dependable members to all high positions in the Soviets."

This resolution has been carried out, and at the present time the leading members of the Communist Party reserve for themselves all the important positions in the government.

The interlocking directorates of the Soviet Government, the Communist party and the Third International may be illustrated by stating the fact that fourteen of the well-known members of the Central Committee of the party are also members of the Central Executive Committee of the Soviet Government; eight of them are members of the Political Bureau of the party—a committee of nine which determines party policy; four of them form the Russian Delegation of the Central Committee of the Third International; and seven are Commissars of the Union.

Three of them, Bukharin, Rykoff and Stalin, hold high positions in the Party, the Government and the Third International.

2. Since the exclusion of the Socialists and Mensheviks from the Central Executive Committee by the decree of July 1918, the Communist party has been the only organized political group in Russia. During the critical years of the civil war no political opposition from any source was tolerated; all secret organizations of Mensheviks, Social Democrats, Social Revolutionaries and Monarchists were abolished as counter-revolutionary organizations threatening the "dictatorship of the proletariat." At the present time delegates to Soviet Congresses designate themselves as Communist or "non-party" representatives.

3. A strict censorship has been instituted over all spoken and printed matter. The distribution of news in Russia is controlled by the Government, which suppresses all attacks on itself or the Communist party. The dispatches of foreign correspondents are censored, and news of outside events is frequently distorted to serve the political purposes of the government. Private conversations and correspondence are likewise subject to espionage on the part of the secret police, and offenders are subject to extreme punishment. The system of espionage reached its highest development during the civil war but continues in a less pronounced form to the present day.

4. The institution of terror against the class enemies of the proletariat was a recognized principle of party policy from 1918 until 1921. During this period many opponents of the Bolshevik régime were killed or exiled. With the establishment of the New Economic Policy in 1921, the

activities of the Extraordinary Commission for the suppression of counter-revolution gradually subsided, but there is reason to believe that the number of political prisoners confined in Russia is still large and executions for political offenses are not infrequent.

5. The Communist party maintains strict discipline among its members. Refusal to obey orders of the authorities is punishable by censure or exclusion from the party. The latter punishment is particularly effective, since it deprives the culprit of the opportunity of political advancement and degrades him from a higher to a lower social stratum.

6. The Communist party professes to be the vanguard of the politically conscious proletariat. In bestowing the benefits of its régime on the proletarian class it has succeeded in acquiring a considerable following among the workers. This alone, however, has not been sufficient, since even among the workers there has been at times considerable dissatisfaction with the party rule.

The Organization of Government

The Soviet, or council, is the organ of authority typical of the whole system of government developed by the Bolsheviks. Village and city Soviets exercise local authority, while county, district and provincial congresses composed of delegates from the local Soviets enjoy legislative and executive powers in their respective spheres. At the head of the government are the Soviet congresses of the autonomous republics and the Union Soviet Congresses.

The Soviet Union is a federation of the autonomous

Soviet republics of Russia, the Ukraine, White Russia, Turkmen and Uzbekistan, which came into existence following the revolution of November 1917. Prior to the Constitution of 1923 a series of bi-lateral treaties closely bound the administrative organs of the autonomous republics to those of the Russian Soviet republic. In practice supreme authority rested in Moscow. The Constitution of 1923 established a central authority over the existing Soviet Congresses in the autonomous republics, and created a Union Congress, composed of 1,517 delegates apportioned among the republics as follows:

Russian Socialist Federal Soviet Republic	1,032
Ukraine	312
White Russia	55
Trans-Caucasian Soviet Federation	63
Uzbek Republic	46
Turkmen Republic	9

The authority of the Congress extends over:

1. International affairs.
2. Financial matters affecting the Union; the budget, loans and currency.
3. Control of industrial, transport, posts and telegraphs.
4. The direction of foreign and internal trade.
5. Direction of the Army and Navy.
6. Civil and criminal legislation, legal procedure.
7. General supervision over education, public health and protection of labor.
8. Arbitration over all disputes between member republics.

One distinguishing characteristic of the Soviet system of government is the absence of any separation between legislative, executive and administrative functions. All three are vested in the Union Congress, which is convened for a short session once in two years. When the Congress is not in session these functions are vested in the Central Executive Committee of 450 members elected by the Congress, which meets tri-annually. When neither the Union Congress nor the Central Executive Committee is in session the supreme legislative, executive and administrative organ of authority is the Praesidium, composed of 27 members, which controls the activities of the Council of Commissars, the Soviet Ministry, and names seven of the eleven judges of the Supreme Court. The members of the Praesidium and the Central Executive Committee are closely identified with the leaders of the Communist Party, the Third International and the trade unions. The Government's authority is unparalleled, since industry, banking, transportation, communication, agriculture, education, and foreign trade fall under its jurisdiction.

Representation in all the higher organs of Soviet authority is indirect. The individual voter merely elects members of his local city or village Soviet. Delegates are sent by these local bodies, as illustrated by the accompanying diagram, to regional congresses, and by a complicated system of further elections to the Union Congress.

The Union Congress elects a Central Executive Committee, which in turn elects a Praesidium. The city voter is thus three steps removed from selecting the members of the Praesidium. The village voter is five steps removed.

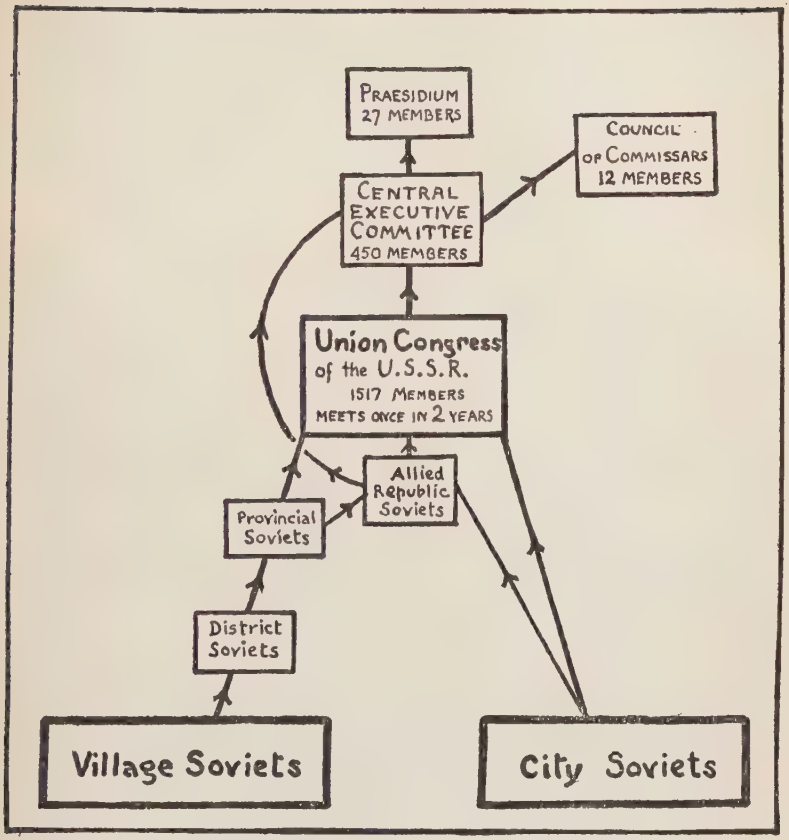
The franchise in local elections has been strictly limited

by the Constitution. Only soldiers and those who earn a living by productive work may vote. The following groups are excluded both from voting and holding office:

1. Those who employ others for the sake of profit.
2. Those who live on income not arising from their own labor, i.e., interest on capital, industrial enterprise, landed property, etc.
3. Private business men, middlemen, salesmen.
4. Monks and priests of all religious denominations.
5. Criminals, lunatics and members of the former ruling dynasty.

The procedure of local elections regulated by decrees is as follows: Electoral Committees of three members are appointed by the local Soviets and trade unions under a chairman appointed by the Superior Electoral Committee. These committees are in charge of elections and draw up a register of those disfranchised, which is published a week before the elections. The election is carried out at a meeting conducted by the committee for each factory group, village or trade union branch. A representative of the committee announces the name of a candidate and voting then takes place by a show of hands. There is no organized opposition to the candidates proposed. The whole process of election is dominated by the local Communist cells.

In order to insure a preponderance of workmen over peasants in the higher Soviets, it is provided that the city Soviets send one delegate for each 25,000 electors to the Union Congress, while the village Soviets send one for each 125,000 residents.



Prepared by the Foreign Policy Association.

DIAGRAM OF SOVIET GOVERNMENTAL STRUCTURE.

The representation of village Soviets, moreover, is indirect. The accompanying diagram shows the procedure in both cases. The city voters elect their Soviets which send representatives directly to the Union Congress. The village Soviets, however, send representatives only to a district Soviet, which in turn sends delegates to a provincial Soviet, and the latter sends the final delegates to the Union Congress.

The Third International

Closely allied both to the Communist party and to the Soviet Government is the Third International—the official organ for spreading Communist propaganda abroad. This body was created in 1919 by the Russian Communist Party, at a period when the guiding thought of the Bolshevik leaders was the necessity of a world revolution, without which the prolonged existence of Communism even in Russia was deemed impossible. In an early proclamation signed by Zinovieff, the work of the Communist International was defined as follows:

> "The task of the Communist (Third) International is not only to prepare for the victory and to lead the working classes during the period of seizure of power—it is also its task to direct the entire activity of the working classes after the conquest of power."

The first congress of the Third International was called by the Central Committee of the Communist Party. Lenin, Trotsky, Zinovieff, Stalin, Bukharin, Chicherin and others were present as delegates. Gregory Zinovieff was made head of the organization and held the post until the

end of 1926, when he was succeeded by Bukharin, another prominent Russian communist.

But as a matter of fact serious differences have arisen between the men actually responsible for the administration of the Soviet Government, such as George Chicherin, the Commissar for Foreign Affairs, and Zinovieff, head of the Third International until 1926, and Bukharin, the present head. The Russian Government Commissars, such as Chicherin and the late Leonid Krassin, have placed the interests of Russia first. Chicherin has followed the diplomatic methods of the bourgeois powers striving for national advantage, particularly in the Far East. But in many of these negotiations with foreign powers he found his position prejudiced by the propaganda activities of the Third International which he could not control. At the very time when Krassin and Chicherin were trying to attract outside capital and Lenin was inaugurating the "New Economic Policy, 1921" Zinovieff was using his leadership of the Third International to order increased anti-capitalist propaganda abroad. With the death of Lenin this working at cross-purposes seemed to increase. Even to-day Russia is, to a certain extent, a house divided against itself. The Soviet Government has repeatedly promised to stop propaganda in foreign countries and has issued rigid instructions to its representatives to this effect but the Third International, nevertheless, has continued its campaigns abroad. It is a contest between those elements which favor placing Russia first and those who believe in the subordination of Russian interests to the exigencies of world-wide revolution.

While it is now recognized by the Stalin Government

that foreign capitalism has become more rather than less stable and that there is little probability of a world revolution, and while he himself seems to realize Russia's imperative need for concentrating her strength on the task of developing her industries, he has not dared to surrender the ultimate aim of creating a world dictatorship of the proletariat

Early Economic Difficulties

The application in Russia of the economic theories developed by the Bolshevik leaders, together with the chaotic conditions produced by the war and the revolution, led to the complete collapse of the economic life of the country. Among the first acts of the Soviet Government was the appropriation of the industrial machine and the institution of workers' control. The Supreme Economic Council undertook to supply all factories with all they needed, not only in raw materials and fuel, but also in food and in money to pay the wages of the workers. It proved totally incapable of carrying out this colossal task. Some factories were over-supplied, others had to suspend production altogether. The workers found themselves incapable of managing the industries, and the industrial plant rapidly deteriorated. For a while industry survived upon stocks accumulated prior to the revolution. But in spite of every device to induce the workers to produce and to requisition all available raw materials, industry completely collapsed. The output of coal declined to about 27 per cent of the pre-war output, iron ore to 1.5 per cent, cotton spinning to 5 per cent and the total industrial output to about one-tenth of pre-war capacity.

Inflation of the currency had started during the war. The first revolution gave it an added impetus. Under the Communist control the printing of money was carried on until the cost of the printing of the paper money exceeded its purchasing power. As a consequence, real wages paid in paper currency rapidly declined and it became impossible to purchase any of the necessities of life with Soviet currency. A virtue was made out of this condition by the Communists who held that the depreciation of currency was the best means by which communism or barter could be put into practice.

Another vital part of the Russian economic system which suffered after the war and the Kerensky revolution was railroad transportation. Many of the most important railroads were in the areas occupied by the White forces or the newly formed Baltic states and Poland. Between 1918 and 1922 old rails were not replaced to any extent and few railroad improvements were made. The rolling stock which until 1918 had been about 80 per cent in working condition, rapidly declined under the Soviet management until it was totally inadequate to handle the needs of the country. The physical deterioration was added to by the demoralization both of the railroad administration and the railroad workers. The effect of the breakdown of transport upon industry, trade and agriculture was disastrous.

In view of the steady depreciation of currency during the Kerensky revolution, barter had been resorted to by the peasants in exchanging their grain for manufactured articles; but the complete disorganization of trade came about in the first year of the Soviet régime, when private

trade was decreed a counter-revolutionary activity. In its place the Soviet Government attempted to nationalize all the production of labor and redistribute the necessities of life to those who were performing tasks useful to the new state. The policy of securing supplies consisted almost entirely of confiscation and requisition. While the workers in the cities and the Red army were supplied with food, fuel and clothing, the remainder of the population was rapidly impoverished and brought to the verge of starvation. The system of requisition and confiscation had its most serious effect upon the peasants who, unable to purchase the necessary articles with depreciated currency, were now not even allowed to barter their produce.

The agrarian revolution of 1917-18 accomplished what the peasant had long desired—the expropriation of the landlords and the distribution of the large estates among the peasants. But as it worked out, the actual benefit to the individual was very small. It is estimated that about 16 million "dessiatines" (38 million acres) were available for distribution, with the result that in the majority of provinces the increase of individual property holdings of the peasants was less than half a dessiatine, or about one acre. During the early period of the revolution the peasants prospered. They paid no taxes, rents or debts. But the collapse of the currency, the cessation of private trade and the system of forced barter soon had their effect. According to the Communist theory, the peasant was to give up his grain and in return was to receive free of charge agricultural machinery, clothing and other manufactured articles. When the Soviet Government had noth-

ing to give the peasants, it took recourse to enforced requisitions. Arms were distributed to workmen and the peasants were forced to deliver the grain they hoarded. The food detachments armed with rifles and machine guns collected a considerable quantity of grain. The effect of this course upon agriculture was disastrous. The peasants, realizing that their surplus would be seized immediately, reduced cultivation to a minimum. The scarcity of food supplies due to the agricultural strike was increased by drought in 1920 and 1921. A famine of immense proportions affecting over 37 million people broke out. The whole of southern and eastern Russia was affected.

The New Economic Policy

The complete failure of these extreme Communist measures was one of the factors which led in March, 1921, to the revolt of the garrison of Kronstadt, the citadel of Communist power in 1917. The revolt was suppressed, but the importance of the disturbances was finally realized by the Communists, who ordered a retreat from the régime of strict Communism in the spring of 1921.

The retreat began with what is known as the New Economic Policy. The idea of conducting the economic life of the state without wages, currency, private trade or credit was abandoned. The system of requisitioning the peasants' grain was replaced by a tax in kind and later in stabilized currency. Rationing of the inhabitants of the cities was abolished and wages were reintroduced. A new currency backed by gold was issued; it gradually displaced worthless paper money in circulation. Private trade

was permitted and soon began to show signs of revival, but the Communists were determined not to give way completely to capitalism. Lenin defined State Capitalism as follows: "We are no longer attempting to break up the old social, economic order with its trade, its small-scale economy and private initiative, and its capitalism, but we are now trying to revive trade, private enterprise and capitalism, at the same time gradually and cautiously subjecting them to state regulation just so far as they revive." With the gradual improvement of economic conditions in Russia, the government extended its control over industry and trade and drew them together under a unified management.

National industries were coordinated to form state trusts and syndicates, under the supreme authority of the Council of Labor and Defense originally created in April, 1920, to coordinate most effectively all the resources of the country in the struggle against foreign and domestic enemies. The Council of Labor and Defense was aided by the Supreme Council of National Economy and the State Planning Commission, formed of experts representing every industry, which drew up plans of production and determined in advance the volume of internal trade and purchases of grain from the peasants. Private trade, after a short period of activity, was subjected to governmental restrictions and a new commercial policy of 1924 was inaugurated to drive private capital out of the wholesale and retail market. In the place of private trade, the Soviet Government organized trading syndicates under government control and encouraged the revival of the cooperatives which, during the early period of Communism, had

been suppressed. In spite of numerous restrictions private trade continued to hold a place in the retail market.

Under government control economic rehabilitation gradually set in and industry began to show a steady revival of production.

In November 1921, a new state bank was opened, but it was not until 1924 that the depreciated paper currency was finally replaced by the new chervonetz. A gold reserve was accumulated and a paper currency was issued, backed by this reserve. The paper chervonetz has been maintained at par by the state bank on the foreign exchange market, but in view of the restriction placed upon the freedom of foreign exchange in Russia, it is impossible to determine what its real value, in bulk, on the international market would be.

Following the reintroduction of charges in stable currency for railroad transportation and the appropriation of government funds for equipment, a steady improvement set in. At the present time, according to Soviet statistics, freight traffic approaches pre-war capacity for the same territorial area.

According to a statement of M. Rykoff, Premier of the Council of Commissars, agriculture has achieved 97 per cent of 1913 production in the present area of Russia.

The government subsidizes unprofitable industries from taxation and the profits of paying enterprises through the Union budget. It has developed foreign trade through its monopoly to about 50 per cent of pre-war volume.

The unified control of the national economic machine was established to render Russia as nearly independent as possible of the capitalist world. The Soviet Government,

however, is heavily pressed for liquid capital and there is little probability of a rapid expansion of trade and industry in the near future without foreign aid.

Among the economic difficulties faced by the Soviet Government is the regulation of internal prices so as to make the peasants, upon whom the whole economic system rests, receive a sufficient return in manufactured goods for their surplus grain.

Property rights remain precariously defined. The chief guarantee offered by the Soviet Government to foreigners is that it cannot afford to expropriate titles to new concessions for fear of losing the credit standing it has succeeded in acquiring since 1921. The same, however, does not necessarily apply to nationals who are subject to onerous restrictions and sudden changes of Soviet policy.

The future economic development of Russia is closely allied to the solution of the complications arising out of Soviet foreign relations and the present party controversy. An unknown factor of great importance in the Russian situation is the effect upon Soviet policy of the Anglo-Russian break, the continued friction with France and the failure to open relations with the United States. The continued isolation of Russia and the fear of foreign invasion professed by Soviet leaders exercises a constant unfavorable influence upon the normal development of her internal life. The other unknown factor is the final solution of the controversy between the more moderate elements in power headed by Stalin and the more revolutionary elements in the Opposition headed by Trotsky.

Political Issues in Present-Day Russia

Following the death of Lenin in 1924, the question as to who would assume the leadership of the Communist party produced a division in the party ranks which has been widening ever since. At first a triumvirate of Stalin, Kameneff and Zinovieff was set up, which lasted until both Kameneff and Zinovieff were dropped in 1925, leaving Stalin as the undisputed head of the party.

The center of the political rivalry within the ranks of the party is now between Stalin and the Trotsky-Zinovieff-Kameneff alliance, known as the Opposition. Other groups, headed by Mme. Krupskaya, widow of Lenin, and Tomsky, have joined the Opposition but, in spite of keen discussion lasting over three years, the split in the party has not developed as yet into an open rift which might threaten the party's domination of the Soviet Government.

The basic fact, which made a split within the party inevitable, was that no single individual possessed the qualities to replace Lenin and gain absolute sway over all the members of the Communist party. This fact was universally recognized. The doctrines preached by Lenin have become the political catechism of both groups within the Communist party. Neither Stalin nor Trotsky dare openly admit that their policies are not in perfect agreement with the teachings of the dead leader. The following quotation from a speech delivered by Premier Rykoff indicates the importance attached by Communists to Lenin's teachings.

"Following the death of Lenin, the party congress has been given the decisive rôle in the matter of interpreting Leninism in the question of applying the teachings of Lenin to the new conditions of the working class and the needs of the country. In these matters the party congress is the final arbiter."

The Opposition's chief criticism of Stalin's policy is that it is allowing the Soviet Union to drift gradually back to capitalism. The Opposition objects profoundly to any further extensions of the New Economic Policy initiated in 1921. It refuses to give up hope of provoking a world revolution and is suspicious of every move on the part of the government to improve its relations with the propertied peasantry. The stand taken by the Stalin government that Capitalist society outside of Russia is not likely to be overthrown in the immediate future, that relations with the Russian peasantry must be improved because of the adverse economic pressure it exercises upon the whole economic structure of the state and that the best means by which the petty bourgeoisie of shopkeepers and middlemen can be permanently excluded from Soviet society is by securing the help of foreign capital—is treason to the revolution in the eyes of the Opposition leaders.

The struggle between the two groups became more intense prior to the party congress of October 1926. On October 18, the sudden capitulation of the Trotsky-Zinovieff faction was announced. The Opposition agreed to abandon all expression of criticism against the Stalin government, but retained its private views. A split in the party was patched up as far as the party congress was concerned, but in the summer of 1927 the Opposition

launched a new campaign of criticism of the government's foreign and domestic policy. Stalin and his associates struck back with ruthless vigor. Before the end of 1927 Trotsky, Zinovieff, and several other leaders of the Opposition were finally expelled not only from all positions of responsibility in the Communist party but from the party itself. Despite their prominence and pioneer rôles which they had followed in the critical first years of the revolution, these Oppositionists were then exiled from Moscow into different remote sections of the Soviet Union. Thus did the Stalin "machine" vindicate a cardinal Communist doctrine, absolute loyalty to those in authority.

This crushing defeat of the Oppositionists, who should be considered as the Fundamentalists, or the 100 per cent Communists, was commonly interpreted abroad as a victory for moderation in Communist domestic and foreign policies. Many observers optimistically predicted that henceforth the drift in Russia would be steadily towards conservatism. But these expectations have not been realized. Trotsky had no sooner been exiled than Stalin adopted in part some of his major policies. Perhaps this is but a temporary swing towards the Left. It is, none the less, extremely significant.

Communism, or at any rate Communist control, has, as far as one can see to-day in Russia, come to stay, perhaps for many decades. It cannot be endangered by the emigrés from Paris or New York or London. It cannot be endangered by the old régime groups in Russia. The peasants, so long as they have their land and are reasonably satisfied with the return for their crops, have no incentive to support any change, particularly since they fear

it would bring back the landlord. The workers, though not so well off economically, perhaps, as we are frequently told, have gained many imponderable advantages and are the backbone of the present régime.

If Communism is destroyed, it will be destroyed, many students believe, by forces not outside but within itself—by the weaknesses of bureaucracy and of autocracy, by the temptations that come from success, by such practices as differential wages, by the gradual diminution of religious zeal. But the day of such weakness is not yet. The Communists are still masters in their own house.

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CHAPTER XIV

THE FOREIGN POLICY OF SOVIET RUSSIA

A BRIEF characterization of Soviet foreign policy is an essential preface to a review of Russia's relations with the rest of the world. A key to the apparent contradictions in policy which have marked the conduct of Russia's foreign relations since 1917 is found in the sharp difference between the dictates of nationalism, on the one hand, and the object of world revolution on the other. The coexistence of these two motivating forces throughout the past ten years makes it difficult to analyze Soviet foreign policy in any given geographical region. In point of time, however, the policy pursued by the Soviet Government may be divided into two main periods, the first marked by the dominance of the principle of world revolution, the second by occasional nationalist manifestations. While nationalist policies have in recent years appeared at times to be guiding Soviet foreign policy, nevertheless the revolutionary objectives of the Government have continued to find expression in foreign propaganda, frequently injurious to Russia's national interests.

During the first period, from 1918 to 1920, the triumph of world revolution was the primary objective of Soviet policy. The Third International was created almost at the outset for the purpose of extending the dictatorship of

the proletariat to foreign countries and was heavily subsidized by the Soviet Government in spite of the poverty of the treasury and the pressing economic needs of the country. It supported, if it did not actually direct, the Hungarian revolution of March 1919, and it exerted every effort to bring about a Bolshevist revolution in Germany during the chaotic period of 1918-19. With less hope of success it cooperated with Communist groups in England, France and the United States. Revolutionary propaganda, begun in the West, was extended to the East, where it was carried on with varying success in the Dutch East Indies and China.

But, in spite of its renunciation of imperialism and Russian nationalism, the Soviet Government has not been able to avoid completely the implications of Russia's geographical position and her economic needs. Beginning in 1920, when the Government appealed to all parties to assist it in expelling the Polish armies from southern Russia, nationalist interests have held a place in the foreign policies of the Soviet Government. The refusal of Moscow to recognize the annexation of Bessarabia by Rumania, the retention of the Caucasian States—Azerbeijan, Armenia and Georgia—within the Soviet Union by force of arms during 1920-21, and the extension of the Soviet protectorate over Mongolia, are manifestations of a policy closely akin to that pursued by Russia prior to the revolution.

The attitude of the Soviet Government toward political developments in the Far East during the past few years has revealed the continued conflict between these two principles. The aid given to the nationalist movements in Turkey, Persia and China has been accepted by some ob-

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Nicolai Lenin

servers as a clear manifestation of the reappearance of traditional Russian policy. It should be pointed out, however, that in contrast to the Asiatic policy of Imperial Russia, designed to weaken her neighbors and subject them to economic exploitation, the policy of Soviet Russia has been directed toward strengthening the forces of nationalism and undermining foreign economic imperialism. In supporting the nationalist parties in Turkey and Persia, the Soviet Government hoped not only to convert them to Communism but to hasten the downfall of foreign capitalism. While both Turkey and Persia willingly accepted Bolshevist aid, when they were struggling to establish nationalist governments, they quickly rejected Communism once they were victorious. More recently, Soviet policy in China has received a similar setback. In April 1927, the moderate wing of the Nationalist Party, led by General Chiang Kai-shek, split with the radical faction which had been directed by Soviet agents. Within the next three months Russian influence was being denounced as inimical to the best interests of the Chinese nationalist movement.

At the same time that the Soviet Government was pursuing its revolutionary policy in China, the necessities of national security and economic expansion were compelling it to conclude treaties of neutrality or commerce with Turkey, Germany, Italy, Sweden, Norway, Greece, Afghanistan, Lithuania and Latvia. The political and economic motives which impelled the Soviet Government to negotiate these treaties are in sharp contrast to the motives inspiring the policy of world revolution. The action of Great Britain in breaking off diplomatic relations with

Russia has confronted the Soviet Government with the question of deciding between these two policies.

The history of relations between the Soviet Government and the powers may be divided for convenience into three main periods:

1. The period of complete rupture of relations following the Bolshevist revolution, accompanied by the intervention of a number of foreign powers in an attempt to hasten the overthrow of the Soviet Government. This period extended roughly from 1918 to 1920.

2. The period following the collapse of the anti-Bolshevist forces. During 1920-21, the neighbors of Russia—the Baltic states, Poland, Turkey, Persia and Afghanistan—entered into diplomatic relations, while a number of larger powers, including Great Britain, Germany and Italy, accorded *de facto* recognition to the Soviet Government and entered into trade relations with Russia.

3. The period beginning in 1924, when *de jure* recognition was extended to the Soviet Government by almost all countries except the United States. This apparent improvement of relations between Russia and the outside world was interrupted, in May 1927, by the Anglo-Russian break.

Russia's Gradual Resumption of Intercourse With Europe

Following the Bolshevist revolution of November 1917, the newly established Soviet Government found itself almost completely isolated from the outside world. The negotiation of a separate peace with Germany at Brest-

Litovsk in March 1918, the nationalization of private property, the repudiation of foreign debts and the inauguration of a world revolutionary movement were followed by the withdrawal of the diplomatic representatives of all the powers. Few foreign powers at the time believed that the new régime would last, and the subsequent period was characterized by efforts on the part of the powers to hasten the collapse of the Moscow government, which they believed imminent, and by Bolshevist efforts to bring about a world revolution.

Foreign intervention was first organized, following the conclusion of the separate peace between Russia and Germany, in order to prevent the latter from securing important supplies of war materials at Archangel and Vladivostock. But the primary object of intervention was soon lost sight of in the confusion brought about by the civil war between the White armies and the Moscow Government. The subsequent course of events is too well known to need repetition. Allied troops entered into close relations with the counter-revolutionary forces in Siberia, Caucasus, southern Russia, the Baltic region and Archangel. By order of the Allied Supreme Council Russia was blockaded and practically all trade with the outside world cut off. This chaotic state of affairs continued until the defeat of the White armies in 1920.

The first countries to enter into diplomatic and economic relations with the Soviet Government were Russia's immediate neighbors. In 1920, Esthonia, Lithuania, Latvia and Finland concluded treaties giving the Soviet Government *de jure* recognition and defining their own frontiers. In the following year, Persia, Afghanistan, Turkey and

Outer Mongolia entered into treaty relations with the Soviet Government. Hostilities with Poland, however, continued through another year. In 1920, Marshal Pilsudski demanded that the eastern boundary of Poland correspond with the historic frontier of 1772 and in April 1920, he started an offensive in the south which led to the occupation of Kiev. The Soviet Government rallied its forces, and the Polish armies were defeated and forced to retreat to Warsaw. The capital was finally saved only through the timely assistance of France. By 1921, both sides were exhausted and peace was signed at Riga in April.

Great Britain was the first Allied power to enter into relations with the Soviet Government. The unpopularity of the policy of intervention increased rapidly with the failure of the military expeditions, and the British Labor Party, which made rapid gains after the armistice, organized a vigorous opposition against continued hostilities. Although foreign troops were still maintained in Russia, the war-weariness of Europe, following the cessation of hostilities on the western front, made active military operations against the Soviet Government almost impossible. In a public address delivered on February 10, 1920, Prime Minister Lloyd George admitted the failure of intervention and urged resumption of trade relations with Russia. He asserted that foreign commerce would act as a sobering influence upon the extremist doctrines promulgated by the Soviet Government and would prove of inestimable value in the rehabilitation of British trade and industry.

The Soviet Government was itself sorely in need of peace. The cost of its two-year struggle to repel the attacks

of its enemies and to establish the Communist system resulted in the collapse of both production and trade. In 1920, the country was on the verge of a serious famine. The mass of the people were exhausted by war, revolution, terror and hunger. Recognizing the disastrous results produced by isolation, the Soviet Government finally made an effort in 1920-21 to re-establish relations with foreign countries and to engage in foreign trade.

In March 1921, a Trade Agreement was signed with Great Britain, by which Russian shipping received the right to navigate the seas and engage in trade in the British Empire. One condition contained in the treaty, however, led to complications which lasted through the following years, and ultimately contributed to the break in Anglo-Russian diplomatic relations in May 1927. This provided that each party refrain from hostile action or propaganda against the other.

The example of Great Britain in re-establishing trade relations with Russia was followed by Germany and Italy who, in the course of 1921, concluded similar treaties with the Soviet Government. But overtures for recognition made to the United States by the Soviet Government in 1920-21 failed to meet with success. Secretary of State Colby declined to consider recognition of the Soviet Government and declared on August 10, 1920, that "the existing régime in Russia is based upon negation of every principle of honor and good faith and every usage and convention underlying the whole structure of international law; the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals."

The Genoa Conference

One of the greatest barriers to the re-establishment of commercial and diplomatic relations with the outside world was the repudiation of foreign debts by the Soviet Government in 1918. The total foreign indebtedness of Russia, exceeding eight billion dollars, was in default and, until the promulgation of the New Economic Policy by Lenin in 1921, no action had been taken to settle the claims of foreign governments and private persons who had sustained losses in Russia. In October of the latter year, however, an offer was made by M. Chicherin, the Soviet Foreign Minister, to recognize the debts on the condition that immediate credit facilities be extended to the Soviet Government to enable it to make the first instalments on the debts, and to undertake economic reconstruction.

The Genoa Conference of 1922, brought about principally through the efforts of Prime Minister Lloyd George for the purpose of discussing claims and counter-claims arising from the debt controversy, failed to reach an agreement. The Conference was attended by all of Russia's creditors with the exception of the United States. The creditors demanded that the Soviet Government recognize all public debts and obligations, that they compensate all foreigners for loss or damage caused to their property and that the Soviet Government establish a juridical system which would sanction and enforce commercial and other contracts with impartiality. In its counter-proposal the Russian delegation refused to recognize its foreign debts, public or private, without first obtaining assurance of

credits and a moratorium on payments. Negotiations were later continued at The Hague, but without success.

Meanwhile the conduct of negotiations at Genoa had convinced both the German and the Russian Governments that they had little to gain from the Conference, and finding themselves excluded from the councils of the other powers, they secretly reached an understanding which was embodied in the Treaty of Rapallo, signed in April, 1922. The conclusion of this secret agreement in the midst of the Genoa negotiations came as a distinct shock to the Allies, who saw in the new alignment a threat to the security of Europe.

The reasons which brought Russia and Germany together at Genoa may be clarified by a brief review of relations between the two countries since 1918. The close economic and political ties which had formerly bound Germany and Russia were broken by the World War. Immediately following the separate peace at Brest-Litovsk in March, 1918, the German Government endeavored to reestablish its economic interests in Russia, but the German plans for extending economic control were cut short by the armistice and by the refusal of the Allies to recognize the terms of the treaties concluded between the German Government and Soviet Russia.

The economic and moral depression in Germany, which followed the Paris settlement, was exploited by the Third International and the Soviet Government in an effort to advance the policy of world revolution. Assistance was given to the German Communist movement, which had gained in strength following the collapse of the German

armies on the western front, and, until the murder of Rosa Luxemburg and Karl Liebknecht deprived the German Communists of their leaders in January 1919, it appeared as though Russian propaganda might be successful.

Despite the close relations between the Third International and the German Communist movement, a treaty re-establishing relations between the two countries was signed as early as 1921. The Rapallo Treaty further expressed the needs felt by the two powers for closer economic and political collaboration. Both were on unfriendly terms with the Allies and both were outside the concert of Europe. The treaty provided for *de jure* recognition of the Soviet Government and the renunciation by each government of war claims and pre-war indebtedness. Should Russia eventually indemnify the other governments, however, Germany was to receive similar treatment.

The contradictory character of Soviet foreign policy is illustrated by events which followed rapidly upon conclusion of the Rapallo treaty. The intervention of France in the Ruhr in 1923 and the consequent disorders which took place were accepted by the Third International as a signal to renew its efforts to bring about a revolution in Germany. M. Karl Radek, who had taken part in the earlier revolutionary movement in Germany, was dispatched to Germany to assist the Communist party in gaining control of the government. In the autumn of 1923 it appeared that Bavaria, on the one hand, and Saxony and Thuringia on the other, might be carried away respectively by Fascist and Communist movements. The failure of M. Radek to act quickly and the action of President Ebert in proclaiming martial law throughout the Reich on September

27, 1923, however, prevented the success of the Communist drive.

For almost two years after the Genoa Conference, no foreign power attempted to enter into closer relations with the Soviet Government. The United States continued its policy of refusing to recognize the Soviet régime. Secretary Hughes, in July 1923, declared that the Soviet Government could not be recognized until the United States received "convincing evidence of the desire of the Russian authorities to observe the fundamental conditions of international intercourse and the abandonment by them of the persistent attempt to subvert the institutions of democracy as maintained in this country and others." France likewise withheld recognition of the Soviet Government.

Russia, Great Britain and Germany

During this period Anglo-Russian relations based on the Trade Agreement of 1921 were disturbed by a series of incidents which in May 1923 threatened to lead to a break when Lord Curzon, British Secretary of Foreign Affairs, delivered an ultimatum to the Soviet Government. The crisis passed on June 4, however, when the Soviet Government repeated its undertaking not to conduct anti-British propaganda, promised compensation with regard to claims arising out of the execution and imprisonment of British subjects in Russia and withdrew two of its notes which had been characterized by Lord Curzon as "studied affronts."

But the gradual stabilization of Europe, the growing importance of foreign trade, and the political victories of

the Labor Party in Great Britain and the Socialist Party in France, opened the way to a new period in Russian foreign relations in 1924.

Within less than three weeks after the Labor Government came into power in Great Britain, Prime Minister MacDonald accorded *de jure* recognition to the Soviet Government (February 1, 1924). Recognition was granted without any conditions and discussion of the vexatious question of debts and claims was postponed for future adjustment. Italy, who had been negotiating with Russia for several months, quickly followed the lead of Great Britain in giving the Soviet Government *de jure* recognition on February 7. Similar action followed on the part of Norway (February 15), Austria (February 25), Sweden (March 15), Hedjaz (March 30), China (May 31), Denmark (June 18), Mexico (August 4), and France (October 28, 1924).

With Great Britain and Russia both anxious to improve commercial relations, a conference was called in London in April 1924, for the purpose of drawing up a full commercial treaty and reaching a settlement of financial claims arising out of the repudiation of debts and the confiscation of property. The conference ran into difficulties on the questions of debts and claims. The treaty, which was finally signed by the Labor Government in August 1924, actually left unsettled all of the financial questions. It merely stipulated that as soon as possible the terms of payment of Russia's pre-revolutionary debts and the private claims of British and Russian subjects would be settled by mutual agreement. The defeat of the Labor Government in November and the publication of the famous

Zinovieff letter, which purported to prove the existence of close relations between members of the Labor Party and the Third International, combined to prevent the ratification of the treaty.

Prime Minister Baldwin, upon assuming office, refused to submit for ratification by Parliament the 1924 treaty signed by his predecessor and retained only the Trade Agreement of 1921 as the basis of Anglo-Russian relations.

While commercial relations between Germany and Russia had improved steadily since Rapallo, a serious breach between the two countries was threatened in 1924 by an incident which occurred at the offices of the Soviet Trade Delegation in Berlin—an incident closely analagous to the famous Arcos raid in London. As a result of the political activity of the members of the Trade Delegation, the German police, on March 3, raided the building and submitted it to a careful search. M. Krestinsky, Soviet Ambassador, protested to Herr Stresemann against the action of the police, declaring it to be a violation of the extraterritorial rights of the Trade Delegation as well as of diplomatic usage. An active diplomatic correspondence ensued, in the course of which the Russian Trade Delegation in Berlin and the branch offices at Leipzig and Hamburg closed their doors. Russian participation in the Leipzig Fur Auction and the Cologne Fair were cancelled as a sign of protest. The serious losses to both sides from the embargo on trade soon produced more conciliatory gestures, however, and on July 29, after two months of negotiations, a protocol was signed, covering the adjustment of the controversy. Germany agreed to declare the meas-

ures taken by the Berlin police to be an arbitrary action and offered compensation for material damages done, while the Soviet Government reaffirmed its promise to take no part in the internal political life of Germany. The negotiation of a commercial treaty in October 1925, was followed by improved relations.

The conclusion of the Locarno agreements, bringing Germany into the political orbit of the western powers late in 1925, aroused considerable anxiety on the part of the Soviet Government, which viewed the settlement as a concerted move toward Russia's isolation. M. Chicherin, on December 21, 1925, expressed the apprehension of Moscow in the following words: "The agreement gives the British Government an opportunity to exert powerful pressure upon Germany, as a result of which Germany may be forced against her own will to change her attitude toward the Soviet Government." One of the conditions of the Locarno treaties was the admission of Germany to the League of Nations. The unforeseen difficulties which arose at the March meeting of the League Council and Assembly necessitated postponement of Germany's admission until September 11, 1926.

Meanwhile, without warning, on April 26, 1926, Germany concluded a treaty of neutrality with Russia. Not only does this treaty provide that the two countries "will remain in friendly touch with one another" to ensure mutual understanding on all questions of political or economic importance, but also that each will remain neutral in case the other is the victim of unprovoked attack. The terms also provide that "should . . . a coalition be formed between third parties for the purpose of imposing upon

one of the contracting parties an economic or financial boycott, the other contracting party undertakes not to adhere to such coalition." Furthermore, in an appended letter, Dr. Stresemann declared that should any move directed solely against the U.S.S.R. take shape within the League of Nations, Germany would oppose it.

The question as to whether the Russo-German treaty conflicts with Articles 16 and 17 of the League Covenant, by which a power may be called upon to join in a boycott against an offending nation, has never been fully discussed by the League Assembly. The treaty of neutrality remains an undertaking by which Germany will maintain a friendly attitude with respect to Russia in the face of any coalition having as its purpose intervention or economic boycott of the U.S.S.R.

While Russo-German relations showed renewed improvement, following the raid of the Soviet Trade Delegation in Berlin, the persistence of Communist propaganda in Great Britain led to increasing friction between the Conservative Government and Moscow. Two incidents during 1925 and 1926 sharpened the latent antagonism between the two countries. In October 1925, the arrest of British Communist leaders in London led to the publication of evidence revealing a close relationship between the Communist Party of Great Britain and the Third International, and the receipt of funds by the party from Moscow. Although the influence of the Communist Party in British politics was small, the disclosures aroused the resentment of the Tory cabinet. The later announcement that subsidies were being received from Russia by the Federation of Miners in May and June 1926, during

the coal strike, served to intensify the antagonism of the British Government.

The seriousness of the crisis brought about by the general strike which continued after the settlement of the strike itself, made the support granted by Russian labor unions to the British strikers an issue of the first magnitude. In the parliamentary debates of June 10, Sir Austen Chamberlain declared that he had warned the Soviet Chargé d'Affaires that anti-British propaganda was one of the main obstacles to any improvement in Anglo-Russian relations, and he was not disposed to enter into new negotiations as long as it continued. He declared that he had protested to the Soviet Government against special authorization for the transfer to England of funds amounting to approximately £380,000, destined for the support of the British strikers. Perhaps it was this incident that went farthest in preparing the ground for the diplomatic break which occurred in May, 1927.

Meanwhile, Russia had become firmly convinced that the policies of the western powers and particularly of Great Britain were being directed toward "encirclement" of the Soviet Union. Following Locarno, every political incident that occurred in Europe was taken to indicate a step toward the fulfilment of this policy. "The object of British diplomacy both in preparing Locarno and during the Locarno Conference," declared *Izvestia,* official organ of the Soviet Central Executive Committee, "was the strategic surrounding of the U.S.S.R., which was to be carried out through the severance of relations between Germany and Russia through the absorption of Germany within the orbit of British diplomacy."

The *coup d'état* of Marshal Pilsudski on May 12, 1926, Sir Austen Chamberlain's understanding with Premier Mussolini at Leghorn, September 30, 1926, and the Fascist *coup* in Lithuania, December 17, 1926, were each accepted as fresh evidence of the designs of the powers. The fears of the Soviet Government were reflected in its effort to strengthen an existing understanding with Turkey at the meeting between the Foreign Ministers of the two countries at Odessa in November 1926. The Turkish Ambassador at Berlin announced that his country would "on no account join in the ring of hostility with which England tries to surround the U.S.S.R. We realize perfectly," he added, "that every blow dealt the U.S.S.R. will have a most painful repercussion in Turkey." Still more significant than the attempt to strengthen her friendship with Turkey were Russia's careful and, for a time, successful efforts to cultivate Communism and pro-Russian sentiment in China. The Russian policy of stimulating Asiatic nationalism for the purpose of directing it ultimately against "imperialist powers" had had greater success in Persia than in Afghanistan or Turkey, and Russia's diplomatic successes in Persia were a source of extreme irritation to Great Britain. But far more alarming to the latter country were the signal successes which Communism momentarily achieved in China under the guidance of such Soviet emissaries as M. Karakhan and M. Borodin.

Growing Anglo-Russian Antagonism

The tension between Russia and Great Britain was suddenly brought to a head when Sir Austen Chamberlain on

February 23, 1927, dispatched a note of warning to the Soviet Government, complaining against the continuation of propaganda and violation of the Trade Agreement of 1921. "The continuation of such acts as here complained of," he declared, "must sooner or later render inevitable an abrogation of the Trade Agreement . . . and even the severance of ordinary diplomatic relations." The British Foreign Secretary cited at considerable length alleged hostile utterances against the British Government on the part of Soviet officials which had appeared in the Russian press and in interviews granted to foreign correspondents.

The reply of the Soviet Government, dated February 26, 1927, demanded that the British Government present concrete cases in support of the accusations made by Sir Austen Chamberlain. The note read in part: "Sir Austen Chamberlain . . . brings forward not one case of contravention by the Soviet Government of that agreement,—i.e. not one case of 'the sowing of discontent or fomenting of disturbance in any part of the British Empire.' " The note concluded by declaring that the British Government would be held responsible for any cessation of Anglo-Soviet relations.

"Die-hard" Conservative opinion in Great Britain was not entirely satisfied with what it termed the excessive moderation of the Chamberlain note. On the other hand, the Liberal and Labor Parties were not as hostile as might have been expected. The principal idea of the note—the idea that Soviet interference with Britain's domestic affairs was inadmissible, was supported by both Mr. MacDonald and Mr. Lloyd George. Despite the tension created by the exchange of notes, a crisis was avoided for the

time being and Sir Austen Chamberlain, in the course of a debate in Parliament, declared that he would oppose a sudden breach with Russia in view of the unfortunate effects it would have in Europe.

In April 1927, the Soviet Government suddenly decided to send a delegation to the International Economic Conference at Geneva. M. Ossinski, chief Russian representative, urged a cessation of all forms of political and economic boycott against Soviet Russia, the establishment of relations based upon the recognition of the inevitable co-existence of the Communist and capitalist systems, and the granting of credits to Russia in exchange for concessions. While the Geneva Conference was still in session, a sensational raid on the Russian Trade Delegation's headquarters in London took place on May 12, 1927. This was followed a week later by a rupture of diplomatic and commercial relations between Great Britain and Russia.

The reason given by the British Government for the raid of the Soviet Trade Delegation and Arcos, Ltd., the principal Russian trading agency in Great Britain, was the disappearance of a secret document from the British War Office. While the missing document was not found in the course of the raid, the British Prime Minister reported that abundant proof was discovered both of military espionage and of subversive Russian activities throughout the British Empire.

In the light of the new evidence disclosed during the search of Soviet House, Prime Minister Baldwin demanded the severance of diplomatic relations with Russia. He was supported in the House of Commons on May 24. Sir Aus-

ten Chamberlain formally notified the Soviet Government of the termination of the Trade Agreement.

But the Soviet Government did not wait for the breaking off of diplomatic relations to protest against the raid on Soviet House. The protest was based on the argument that the act was a flagrant violation of the diplomatic immunity accorded to the official trade agent of the U.S.S.R. in Great Britain by the Trade Agreement of 1921.

Prime Minister Baldwin in his statement on the Arcos raid made in the House of Commons on May 24 did not specifically mention the question of immunity. In the course of his address, however, he stated:

> "No effective differentiation of rooms or duties was observed as between the members of the Trade Delegation and the employees of Arcos, and both these organizations have been involved in anti-British espionage and propaganda.
>
> "The Soviet Government cannot escape responsibility for the actions of the Trade Delegation and the abuse of the facilities afforded it."

The British Government thus justified its action on the ground that the Soviet Government was using Soviet House in London as the center of an extensive propaganda campaign in direct violation of the condition on which the Trade Agreement of 1921 was based.

The Anglo-Russian break was not followed by similar action on the part of other states having relations with the Soviet Government. M. Briand declared to M. Chicherin, on May 24, that France was not tied to England's policy toward Russia, but that she would take firm meas-

ures against any continuance of foreign propaganda by the Soviet Government. The attitude of Germany to the Anglo-Russian break was that of strict official neutrality.

While the Soviet Government has openly expressed fear that the diplomatic break is a prelude to British intervention, and has again accused Sir Austen Chamberlain of attempting to form a united front against Russia, there is little evidence to support the view that the controversy will lead to open hostilities.

At the same time, during the June session of the League Council, Sir Austen Chamberlain was reported to have asked Germany and the powers to join in a note to Moscow protesting against Communist propaganda. This proposal, however, was not accepted. The development of a critical diplomatic situation between Russia and Poland following the assassination of the Soviet Ambassador in Warsaw, led to a discussion at Geneva of Germany's attitude in the event of a Polish-Russian war. The British Foreign Minister inquired of Dr. Stresemann whether Germany would permit the transfer of troops to Poland through the Reich. This question, which affects Germany's obligations as a member of the League and her neutrality agreement with Russia, was not answered at the time, and the subsequent adjustment of Polish-Russian differences made it unnecessary for the German Government to commit itself. Throughout the discussions following the Anglo-Russian break, Germany showed a clear desire to avoid committing itself either to Great Britain or to Russia.

While Soviet propaganda has been one of the chief factors disturbing the relations of England and Russia, the debt question has been uppermost in preventing cor-

dial relations between Russia and France. M. Herriot, when he became Prime Minister in 1924, not only followed Mr. Ramsay MacDonald's example in recognizing Russia, but also entered into negotiations for a settlement of the Russian debts. These negotiations dragged on until February 1926, when delegates of France and Russia met in Paris to conclude an agreement. The French suggested a settlement involving the annual payment by Russia of 125,000,000 gold francs, which would include a reasonable interest charge on about one-third of the debts which Russia owed. France was willing not to insist explicitly upon the formal recognition by the Soviet Government of the Tsar's debt. The Russian Government declined to accept these proposals, but offered instead to pay an annuity of 40 million gold francs during 62 years on condition of receiving a loan from France.

The situation was already delicate because during the course of these negotiations, Ambassador Rakovsky had signed a Manifesto of the Third International, calling upon the workers to revolt against capitalist governments. While the Soviet Government disavowed this act, the subsequent action of Ambassador Rakovsky in publishing false news relative to the debt negotiations led the French Government, on September 30, 1927, to request his recall. In a note the French Government declared that the signature of this manifesto "constituted a flagrant violation of the duty of non-interference" accepted by the Soviet Government upon its recognition by France. M. Rakovsky was withdrawn and a new ambassador was appointed. Despite this incident, diplomatic relations between Russia and France are still maintained.

In the south, meanwhile, Russia was involved in a dispute with Rumania over the possession of the fertile Black Sea province of Bessarabia. Between 1812 and 1918 Bessarabia had formed part of the Russian Empire. But, because of the large number of its Rumanian inhabitants, Russia's neighbor Rumania had always wished to acquire it. During the war Rumania accordingly cast in her lot with the Central Powers, fighting against Russia on the understanding that in the event of victory Bessarabia would fall to her share. Rumania was fortunate. Despite the defeat of the Central Powers, the collapse of Russia and the indifference of the Allies made it possible for her to walk into Bessarabia in 1918. In January of that year Rumania signed an agreement with an ephemeral Bessarabian Republic, promising to withdraw her troops within two months. But her control was not so soon to be terminated, for the situation was altered, in Rumania's eyes, when the local Diet voted for the union of Bessarabia with Rumania on condition that the former be given local self-government. In a treaty of October, 1920, the principal Allied powers solemnly recognized Rumania's annexation of Bessarabia, despite the fact that Russia, although legally still the owner of Bessarabia, was not a party to the agreement. It was an extraordinary procedure, made possible only by the Allied hatred of Bolshevism. Conscience-stricken perhaps, the powers hesitated to ratify this treaty for several years.

Russia entered strenuous protests and continued to maintain a threatening attitude, while Rumania, in order to protect her spoils, entered in 1921 into an alliance with Poland, who also stood in fear of Russia. Each pledged

assistance to the other in case either was a victim of unprovoked aggression. This alliance was renewed in 1926. Rumania breathed somewhat easier when in 1924 France and England agreed to ratify the treaty of 1920, recognizing her sovereignty over Bessarabia. France and Britain would not do so, however, until after Rumania had paid Englishmen and Frenchmen for the expropriation of their lands by the agrarian legislation. The Italian Government delayed ratification until March 1927. Rumania received still further encouragement from an alliance signed with France in June 1926. At the announcement of this alliance the Soviet Government protested against the French guarantee of the "illegal and violent occupation of Bessarabia which it regarded as a hostile act." Russia protested, moreover, against the agreement of friendship and arbitration signed between Italy and Rumania in March 1927, at which time the former ratified the Bessarabia treaty.

Even if the contention is true that the majority of the people in Bessarabia have been Rumanian, the arbitrary annexation of this province by Rumania without the consent of Russia, to which Bessarabia belonged, was a high-handed proceeding.

Russia and the League of Nations

In its search for international economic assistance, Soviet Russia has become more friendly toward the League of Nations. Russia, of course, was not invited to join the League at the time of its establishment, and for a time she refused invitations to participate in its conferences, on

the ground that the League was a device of the capitalist powers. Her hostility to Geneva was intensified by the murder on May 10, 1923, of M. Vorovski, the Chief Soviet Delegate to the Lausanne Conference, at the hands of a Russian emigré of Swiss descent. Switzerland tried the murderer, but a sympathetic court acquitted him, and at the same time condemned the Soviet system of government. Russia took reprisals against Switzerland by establishing a boycott against Swiss goods; Switzerland retorted by excluding all Russians from the country.

In December 1925, the president of the League Council invited the Soviet Government to participate in the Preparatory Disarmament Conference, called by the League at Geneva for the following February. In reply, the Russian Government stated that while it would like to participate in a disarmament conference, it was amazed to find that such an important meeting was called at Geneva; it could not send any delegates to Switzerland until the dispute over the Vorovski murder was settled. Despite further negotiations, umpired by the French Government, no agreement could be reached and Russia failed to attend the meeting of the commission.

Thereafter Russia declined to participate in any conference at Geneva, and in order to obtain her participation, the League held a number of conferences outside of Switzerland. But for political and technical reasons the League decided that it could not follow this practice in important conferences. Finally, on April 15, 1927 the Swiss Government made apologies acceptable to Russia. Thereupon each of the two countries withdrew its regulations against the other, and Russia accepted an invitation to participate in

the International Economic Conference which met in Geneva in May 1927.

At this Conference Russia sought to work out a *modus vivendi* between the private system of foreign trade followed in capitalist countries and the Russian Government trade monopoly. Toward the end of this Conference the Russian delegates presented a striking proposal: "Considering the great importance of the full participation of the U.S.S.R. in world trade, the Conference recommends that all the states develop their relations with the U.S.S.R. on the basis of a peaceful co-existence of two different economic systems." A sharp debate between the French and Russian delegates then took place. Following this the delegates of the United States proposed a compromise resolution, which was carried. It was as follows: "The Conference, recognizing the importance of renewal of world trade, refraining absolutely from infringing upon political questions, regards the participation of members of all the countries present, irrespective of differences in their economic systems, as a happy augury for a pacific commercial co-operation of all nations." [1]

An even more active part was played by the Russian delegation in the League's disarmament meeting in April 1928, when the Russian Government proposed the abolition of all armies and navies, and of conscription. M. Litvinoff, the Russian delegate, in refense of his proposals declared that the work of the Preparatory Commission had been hitherto "purely decorative" and that nothing had been accomplished. Count von Bernstorff of Germany

[1] League of Nations, *Report and Proceedings of the World Economic Conference*, Vol. I, p. 56.

expressed sympathy with this point of view. The Allied representatives remained silent until Lord Cushendun of the British delegation launched a severe counter-attack. He charged that the Soviet Government came to Geneva, after seven years' refusal to cooperate, only to revile the League, and that the Soviet plan was wholly impracticable, its chief object being to remove obstacles to the Communist revolution in bourgeois countries.

Such is the position of Russia in Europe today. Deserting her former position of contemptuous isolation, Russia now wishes to participate in international conferences in the hope that she may on the one hand gain financial aid, and, on the other, expose the fallacies of the capitalist system through debate.

There can be no doubt that the world, and particularly Europe, needs Russia for its vast economic resources and for its potentially vast markets for manufactured goods. Russia, just as vitally, needs the rest of the world. The major question of the next decade is this: How far will the force of economic needs break down those political obstacles between Russia and the rest of mankind which have heretofore prevented a genuine rapprochement which would be of incalculable value to all the world?

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CHAPTER XV

THE HAPSBURG HEIRS

Austria Erit in Orbe Ultima—Austria will endure on earth forever. Thus runs the ancient prophecy foretelling the future of the Danubian monarchy. Suddenly, or so it seemed to the outside world, in October 1918, the foundations of the Dual Monarchy of Austria-Hungary crumbled, and the great structure collapsed like a house of cards. One of the six Great Powers of Europe had disappeared almost overnight, an event which, because of the tremendous changes which it wrought, has been characterized as the most important purely political occurrence since the fall of the Western Roman Empire in 476 A.D.

The cementing force in the Dual Monarchy was actually a reigning house—the House of Hapsburg—and having come to power in an age when nationality was in no way a political or social force, the Hapsburg policy did not concern itself with the racial character of its subjects. The final fall of the Hapsburgs was due primarily to the rise of nationalism. It was the centrifugal force of the irrepressible nationalism of Poles, Czechs, Hungarians and Serbs, that brought about the disruption of the Dual Monarchy.

The death blow was administered to the Hapsburg Empire by President Wilson's recognition on October 18, 1918, of the independence of the Czechoslovaks and Jugo-

slavs. The German-Austrians had abandoned all thought of a united Austria two weeks earlier, and had sought refuge in the concept of self-determination on the basis of Wilson's Fourteen Points and ultimately in the thought of union with Germany. The Emperor withdrew from the affairs of Austria on November 11; by November 12, 1918, virtually every nationality in the Austrian half of the Dual Monarchy had proclaimed its independence. The Dual Monarchy had ceased to exist.

It broke up into three separate states, Austria, Hungary, and Czechoslovakia. The Peace Conference, meeting in Paris, decided the fate of the Central Powers. The desperate condition of Austria, and in particular the grave shortage of food, and the resulting despair of the Austrian people, made the danger of Bolshevism a very serious consideration. Furthermore, frontier disputes between the different Allies, between Poles and Czechs, Jugoslavs and Italians, Jugoslavs and Rumanians, greatly increased the difficulties of the Allies; for Italian, Franco-Serbian, Polish and Rumanian troops occupied large portions of the former Dual Monarchy.

By the terms of the treaty of St. Germain-en-Laye, Austria was reduced from a state of 115,832 square miles, with a population of 28,819,000, to a state of 32,000 square miles, with a population of 6,500,000. The capital city, Vienna, with almost 2,000,000 inhabitants, has often been likened since then to a huge head on a tiny body. But at least the new state has no problem of minorities.

The treaty changed the name of the newly-proclaimed "Republic of German-Austria" to "Austria," and her boundaries were delimited by it so as to exclude some

3,700,000 Germans in Czechoslovakia and in the South Tyrol, south of the Brenner Pass in Italy, where Germans comprise the majority of the population. The fate of the Klagenfurt basin in southeastern Austria was decided by a plebiscite provided for in the treaty and held October 10, 1920. In the voting, 22,025 ballots were cast for Austria and 15,279 for Jugoslavia, the entire area being awarded to Austria as a result. After considerable trouble, the province of West Hungary, the Burgenland as it is called, was ceded to Austria by Hungary. A plebiscite was held in the town and environs of Sopron (Oedenburg) on December 17, 1921, at which 15,334 votes were cast for Hungary and 8,227 votes for Austria. The latter maintained that the plebiscite was attended by many irregularities, but Sopron was awarded to Hungary, the rest of the province going to Austria.

Austria, therefore, consists of nine provinces: Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg and Vienna.

The dissolution of the Empire left German-Austria to decide her own fate. Two courses, aside from independent existence, seemed open to her at that time. She might either endeavor to form a Danubian Confederation which would preserve the economic unity of the Dual Monarchy or she might throw in her fate with Germany. A Danubian Confederation seemed impossible in view of the intense racial hatreds which had disrupted the Empire, and which had been intensified by the rampant and triumphant nationalism of newly acquired independence. Union with Germany, just then in the throes of the republican revolution, seemed both natural and easy to the

provisional Austrian Government, which was largely under the domination of the Social Democrats, the bitterest opponents of any attempt to revive the old Empire in any fashion. Furthermore, the armistice signed on the basis of Wilson's Fourteen Points, gave support to Austria's claims for the right of self-determination and at the time the Austrians could see no obstacle to reunion with Germany.

On November 12, 1918, Austria proclaimed itself not only a Republic, but an integral part of the German Republic; a draft constitution passed the same day contained a paragraph stating this fact. The provisional German Constitution of January, 1919, also provided for the incorporation of Austria with the Reich. The Treaty of Versailles, however, and the Treaty of St. Germain categorically forbid the union of Austria and Germany except with the consent of the Council of the League of Nations —action which would necessitate a unanimous vote of that body.

Prohibition of the *Anschluss*, or union, came as a severe blow to the Austrian Government. The foreign policy of the new Republic had from the outset been directed almost entirely toward union with Germany, and all attempts at reconstruction of an economic union on the basis of the old Austro-Hungarian Empire had been abandoned. Racial, political and tariff barriers surrounded Austria on every side and the Austrian people were firmly convinced that the separate economic and political existence of the tiny state was impossible. An Austrian delegation was summoned to Paris, and after long correspondence, the Treaty of St. Germain-en-Laye was signed on September 10, and

ratified by the Constituent Assembly on October 17, 1919.

The complete economic dependence of Austria on other countries for her food supply forced her to submit more or less passively to the demands of the Allied powers. Austria had no coal, and was woefully insufficient in foodstuffs to feed her own people, cut off as she was from the Hungarian and Transylvanian grain fields. With her richest industrial sections transferred to Czechoslovakia, she was without a large export industry. Politically, her geographical position was difficult—a land-locked state, largely Alpine in character and surrounded by more or less hostile neighbors.

The official ban of the *Anschluss* by the Peace Treaties gave a severe setback to the forces which were working for national unity and the continuance of centralized government. The first year of the independent Republic created in the masses of the provincial people a feeling that the unity of the Republic was no guarantee of prosperity, whether political or economic. To the peasant masses, the only hope of bettering the situation seemed to be in ending the independent life of the Republic by the incorporation of the various provinces in Germany. This feeling was further intensified by the peasants' distrust of the Socialist Government and by their deep-rooted hostility to Vienna, the city associated in their minds with the former autocratic government of the Hapsburgs.

Vienna has a concentrated population dependent on a system of banking, trade and industry originally adapted to the requirements, not of a small country, but of a great empire. The new frontiers, with their formidable eco-

nomic barriers, separated the city population from a large part of its normal food supply, and the main industries from their raw materials and their markets. Vienna was not only reduced to a humble position as the capital of a small country, but it was isolated within its own boundaries.

During 1920 and 1921, economic conditions became even more serious. The tendency of the Republic to break up into its component provinces was evidenced in plebiscites which were held in Tyrol and Salzburg in April and May 1921, respectively, in which the inhabitants voted overwhelmingly for the incorporation of these individual provinces with Germany. Styria was prepared to hold a plebiscite in June 1921, but when Allied protests forced Vienna to take a firm hand, the plebiscite was not held.

Meanwhile, Austria's plight had been recognized by the outside world. The new Republic had been admitted to the League of Nations at the First Assembly in December 1920, a step which bound her even more closely to the terms of the Peace Treaties. During 1919, 1920, and 1921 Austria's economic existence was sustained by means of public loans from France, Great Britain, Italy and the United States, and by credits from a number of neutral countries, amounting in all to more than £25,000,000 ($120,000,000). Added to these were extensive charitable expenditures amounting to $50,000,000. But the country could not live indefinitely on charity alone and its actual financial position was in fact worse than ever. By March 1921, the four principal Allied Powers, recognizing that relief must give way to reconstruction, asked the League of Nations to propose a general scheme of reconstruction.

The negotiations necessary to putting a reconstruction scheme into effect were so long drawn out, however, that conditions continued to go from bad to worse in Austria.

In the meantime, the Austrian Government had realized that the fate of the new Republic was inseparably bound up with that of the other Succession states of the Dual Monarchy. All were very poor and since their birth as independent states, they had been waging tariff wars. Finally, under the leadership of Dr. Eduard Beneš of Czechoslovakia, a non-political conference of the Succession states was held at Portorose, from October 15 to November 25, 1921, which paved the way for subsequent economic treaties and guaranteed "their territories as fixed by the Treaties of Peace." Accordingly, after the signature of the Treaty of Lana in December 1921, Czechoslovakia extended credits to Austria as a basis for the resumption of ordinary commercial intercourse.

This financial aid gave only temporary relief and conditions in Austria became steadily worse. In March 1922, a Jesuit priest, Mgr. Ignatz Seipel, a member of the Christian Socialist Party, became Chancellor. He at once instituted a program of ruthless reduction of national expenditures and made a definite appeal for foreign aid in the reconstruction of Austrian finances. Finally, on October 4, 1922, three Protocols were signed by Britain, France, Italy, Czechoslovakia, and Austria, instituting a scheme of the League of Nations for the financial reconstruction of Austria. The First Protocol specifically guaranteed the territorial integrity and sovereignty of Austria, and underlined the prohibition of the *Anschluss*. The Austrian Parliament ratified the Protocols, and in December 1922,

Dr. A. R. Zimmerman, the League Commissioner-General, assumed his office and the reconstruction scheme went into force.

The currency was stabilized and industry and commerce began to revive. In 1925, at the request of the League Council, a thorough inquiry into Austria's economic situation was made. The report, which was on the whole optimistic, stated that the troubles confronting the economic life of Austria were merely a variant, if in a somewhat intensified form, of those which all European countries had faced since the war. The remedies which Austria most needed were the extension of her markets, the supply of foreign capital, and internally a reduction of cost prices throughout her industries. Switzerland was cited as an example of a prosperous land-locked state whose example Austria would do well to emulate. Largely as a result of this investigation, the League Council decided in March 1926, that the control of the Commissioner-General should cease as from July 1, 1926, and on that date, the League supervision over Austria was practically ended.

In general it may be said that the economic question has dominated Austrian life since the war almost to the exclusion of political issues. Socialist agitation has spent itself for the most part in a few strikes of civil servants for higher wages. Vienna has, it is true, put into effect under Socialist rule, far reaching housing reforms. But notoriety accompanied the sudden and apparently unpremeditated riots by Socialists in Vienna in July 1927, protesting a judicial decision in the provinces which was considered by the Left parties to be a complete miscarriage of justice.

The Austrians have been much more concerned with

the immediate problem of getting bread to eat than with any other problem.

Nevertheless they have been aroused over the *Anschluss* question—the union of Austria with Germany which the peace treaties forbid except by the consent of the League Council. During the last few years, however, the process of unifying Austrian and German legislation has quietly progressed and other steps toward union have been taken. In the summer of 1928 a great popular demonstration of Germans and Austrians in favor of *Anschluss* took place in connection with the Schubert musical festival in Vienna, which brought forth vigorous protest from a portion of the French press.

Hungary

Hungary, the country of the Magyars, a people coming originally from the Russian steppes, had existed for a thousand years before 1914. It came under Hapsburg domination in 1526, and its ambitions had always motivated the most formidable of the national movements in that seething cauldron of suppressed nationalities—the Hapsburg Empire. In 1867, by the terms of the *Ausgleich,* Hungary was joined to Austria by the bond of the Hapsburg Crown to form the Dual Monarchy.

The population of pre-war Hungary numbered 20,900,000, of whom less than 9,000,000, or about 43 per cent were Magyars (Hungarians). The remaining 11,900,000 comprised at least six separate racial minorities, who suffered under the domination of the ruling Magyars. These minorities most of whom, with the exception of the Jews and Germans, lived on the fringes of the Great Plain

of Hungary, were racially divided approximately as follows:

3,000,000 Rumanians, 3,000,000 Jugoslavs, 2,000,000 Slovaks, 2,000,000 Germans, 1,000,000 Jews, 460,000 Ruthenians, 400,000 other nationalities.

The Treaty of Trianon, signed June 4, 1920, not only stripped Hungary of her largest minorities, but also placed many Magyars under foreign rule—a fact which keeps the new countries in a constant state of nerves, and supplies a dominating problem in the Central European situation. Hungary's desire to regain her lost people runs like a red thread through her entire post-war history.

From a state of 125,600 square miles, Hungary has been reduced to 35,875 square miles. Her population, instead of 20,900,000, now numbers only 8,000,000, of whom 6,250,000 are Magyars, the Germans and Jews forming the largest remaining minorities. Thus she has lost approximately two-thirds of her territory and three-fifths of her former peoples. All of Hungary's neighbors, with the exception of Austria, have acquired large Magyar minorities. There are approximately 1,550,000 Magyars in Rumania; 955,000 in Czechoslovakia, and 560,000 in Jugoslavia. The Hungarians are furious at what they consider the injustice of the settlement and have never accepted the Treaty of Trianon as a *fait accompli.* When the treaty was published in Budapest, it was printed with a broad black mourning band around it; everywhere in Hungary today one sees posters and placards bearing the Hungarian words "*Nem, nem, soha*"—the equivalent of "No, no, never."

A tremendous campaign is still being waged by Hun-

gary for the rectification of her frontiers. Monarchist agitation in Hungary, in spite of the treaty commitments, has kept her neighbors on tenterhooks. In 1925 and 1926, charges were made of the counterfeiting of huge quantities of French francs for the purpose of financing extreme reactionary and anti-Semitic monarchist groups in Hungary. Government officials were supposedly implicated and arrests were made of persons in high stations. A parliamentary commission investigated the affair, and feeling within Hungary ran so high that a virtual reign of terror existed. The Little Entente made a very stiff declaration condemning the affair. The counterfeiters were tried, some being acquitted and others receiving light sentences. The incident, however, discredited the extreme Right in Hungary, for the most part composed of "legitimist" royalists, who are staunch supporters of the Hapsburgs.

Extensive propaganda still emanates from Budapest, and all Hungarians regardless of their political views, are one in demanding revision of the Treaty of Trianon. In the summer of 1927, the British *Daily Mail* and its owner, Lord Rothermere, launched an ardent campaign for revision of the Trianon Treaty, to which Mr. Lloyd George has more or less indirectly added his support. In no sense official, and in fact representative only of the *Daily Mail* itself, this campaign has been falsely interpreted in Hungary as a British move for revision of the Hungarian frontiers.

In March 1928, Mussolini, in an interview which he granted to Lord Rothermere and which was published in the *Daily Mail,* declared himself in favor of revision of the

Hungarian frontiers as fixed by the Treaty of Trianon. Early in June, in a speech in the Italian Senate, *Il Duce* again stressed this point. All this cheered the Hungarians, coming as it did from the head of a state with which they had signed a treaty of arbitration and friendship a year before. But its effect on Hungary's neighbors has been exactly the reverse and has revived their suspicions and distrust of Budapest. Mussolini's pronouncements came only a few months after the discovery in January 1, 1928, of a shipment of arms marked "machine parts" at St. Gotthard, a frontier station between Austria and Hungary. According to the Treaty of Trianon (Article 18) "The importation of arms, munitions and war material of all kinds is strictly forbidden." The "machine parts" were addressed to a Czech town and came from Verona, Italy. The Little Entente appealed to the League of Nations to investigate this alleged violation of the Treaty of Trianon, while Hungary protested and the atmosphere in Central Europe grew tense. The League investigation, perhaps out of deference to Italy, resulted in only a very mild rebuff to Hungary, and a whitewashing of the whole affair. The incident was insignificant in itself, but because it was coupled with the Rothermere campaign and Mussolini's pronouncements, it served to tighten the loosened bonds of the Little Entente and to place Hungary once more in the rôle of the *enfant terrible* of Central Europe.

The history of Hungary since the war presents the extremes of "Red" Communist rule and of "White" dictatorship. The Magyar state experienced within a period of about six months in 1919 the excesses of both a Red and a White terror.

After the breakdown of the Dual Monarchy, Hungary proclaimed itself a Republic on November 16, 1918, and a provincial government was formed under Count Michael Karolyi, an aristocrat although at the same time a liberal and a pacifist opponent of the war. The decision of the Allies to partition Hungary along lines of nationality, coupled with the Rumanian advance into Transylvania, early in 1919, finally caused his downfall. With a Rumanian army occupying eastern Hungary, and Transylvania declared by the Rumanian National Assembly to be a part of Rumania, with the Slovaks already participating in the new government at Prague and with the Jugoslavs in Croatia-Slavonia already recognized as independent, Karolyi's policy of friendship toward the Allies was entirely discredited.

Hungary was suffering greatly from the continuation of the Allied blockade and there was a severe shortage of food. The return of Hungarians from Russia after the war served to spread the doctrines of Communism among the hungry masses who offered a fertile field for its inculcation. Soviets were formed on the Russian model and an attempt was made to put into effect at once the full Communist program. Among other acts, they issued a great deal of unsecured paper money and reorganized the army as a class-conscious "Red Guard." In a desperate attempt to keep the Czechoslovak and Rumanian annexations at a minimum and also to unite Hungary internally by the time-honored means of proceeding against a foreign enemy, Bela Kun attacked the Czechs and then proceeded against the Rumanians. After some initial success against the Czechs, the Hungarians were repulsed and the net re-

sult of the foray against Rumania was the latter's occupation of Budapest in August 1919.

Added to the chaos of foreign invasion of her territory, counter-revolution in Hungary was not long in asserting itself, despite the drastic and bloody measures taken to prevent it. Bela Kun's acceptance of the Paris decree in regard to the Slovakian frontiers had discredited his cause; the Soviet republic could not take orders from both Moscow and Paris, and the latter finally won out.

Enemies in three directions finally caused the collapse of the Communist régime: the Allies, distrusting Bela Kun, regarded with greater favor the efforts of the Succession States to acquire Hungarian territory which they desired; under Admiral Horthy, the Hungarian nobility and bourgeoisie rallied to the counter-revolutionists; and the peasants, suspicious and disappointed, boycotted Budapest. The combination of these three factors caused the collapse of the Bela Kun régime and in August 1919, a moderate Socialist Government took office. An attempt on the part of Archduke Joseph of Hapsburg to establish himself as chief of a royalist Regency, was emphatically vetoed by the Allies from Paris, although royalist agitation continued rife in Hungary.

Domestic Hungarian affairs since Horthy became regent in 1920 have been marked first by an actual "White Terror" in reaction to the "Red Terror" of Bela Kun. Horthy bore the title of "Regent" because, unlike Austria and Czechoslovakia, Hungary is not a republic. On the contrary, in spite of Allied prohibitions against the return of the Hapsburgs, Hungary remains a monarchy with the kingship in abeyance. A national assembly was elected in

1920 by universal suffrage, without proportional representation and a large monarchist majority was returned. No new constitution has been drafted, however, and the old Hungarian Constitution remains in force. Soon after the general elections of January 1920, began the so-called "White Terror" in which an attempt was made to punish without pity all who had been in any way responsible for the abortive Soviet régime in Hungary. The Jews especially were prosecuted unmercifully and besides actual pogroms which seem to have had at least the tacit approval of the government, much repressive legislation was enacted.

In March 1921, Karl of Hapsburg, encouraged by the result of the elections of the previous year, attempted to reinstate himself as King of Hungary. Regent Horthy, however, refused to aid him and his *coup* was unsuccessful, although the Cabinet in power at the time (under Count Teleki) was forced to resign. Then, in April 1921, Count Stephen Bethlen assumed the premiership, a post which he has retained to the present day.

Karl made another unsuccessful attempt to return to the throne in October 1921. On both occasions, the hostile attitude of Hungary's neighbors, already banded together in the alliances of the so-called Little Entente, was the strongest force preventing a restoration.

Hungary was admitted to the League of Nations in September, 1922. Upon joining, she made a declaration—not entirely of her own free will, it must be said—signifying her intention to fulfil all her international obligations in accordance with treaties or acts subsequent to their signature.

Pre-war Hungary was a country of huge estates with a medieval system of land-tenure, giving the landowners a stranglehold on the peasants. This system for the most part still obtains, so that there is practically no Magyar middle-class to bridge the great gulf between the landed aristocracy and the peasantry. Commerce in the towns was and is largely in the hands of non-Magyars—Germans, Austrians, and Jews. The war and the subsequent revolution, terrors and uncertainties weakened and disorganized the country, although even in its diminished size Hungary is more self-sufficient than its neighbor, Austria.

The value of the currency declined, however, and in spite of heroic efforts to balance her budget and stabilize her currency without outside aid, Hungary by 1923 was sorely in need of assistance. The partial improvement of Hungary's relations with her neighbors during 1923 helped make possible the reconstruction of Hungary by the League of Nations. Protocols were signed by Great Britain, France, Italy, Czechoslovakia, Rumania, Jugoslavia and Hungary in March 1924 in Geneva, and subsequently, on May 1, Mr. Jeremiah Smith, Jr., of Boston, went to Budapest as League Commissioner-General.

By the Protocols, Hungary again undertook to observe strictly and loyally the obligations of the Treaty of Trianon and accepted a specific provision concerning the military clauses of the Treaty disarming her.

A reconstruction loan was floated abroad, the currency was stabilized and the budget balanced. The economic progress of the country was so rapid that League control was terminated on June 30, 1926. No small part of the success of the reconstruction scheme was due to Mr.

Smith's work. It is no exaggeration to say that he endeared himself to every Hungarian no less by his able administration of a difficult task than by his unfailing humor and good sense.

The great outstanding issue in Hungarian affairs since the war has, of course, been the question of the frontiers. But the question of the monarchy is also of importance. Royalist sentiment is still rife, though at present the Government—which has the character of a virtual dictatorship even if it retains parliamentary forms—appears to have no inclination to raise the issue in practical politics. Furthermore, the royalists themselves are not united on any one candidate, but are divided into several factions, each backing its own candidate. Thus there seems to be no immediate prospect of Hungary's arriving at a solution of either of its two main problems.

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CHAPTER XVI

THE LITTLE ENTENTE

Of the Succession States carved out of the old Hapsburg domain, Czechoslovakia is the most advanced, democratic and liberal, as well as the most stable and prosperous. This has been due largely to the efforts of her distinguished statesmen, President Thomas G. Masaryk, philosopher, scholar and patriot, and his friend and disciple, Eduard Beneš, Foreign Minister since 1918. It has been remarked that the new Poland entrusted its destinies to a general and has been an *enfant terrible* in Eastern Europe during most of the past decade. In contrast, Czechoslovakia has been ruled by a philosopher and has been from birth a liberalizing and stabilizing element in international relations, while at home her people have enjoyed relative prosperity and security.

Ever since the Battle of the White Mountain in 1620, Czech nationalism has been kept alive by one means or another during Bohemia's domination by the Hapsburgs. The struggle for independence during the World War reads like a romance. Masaryk and Beneš worked in Allied countries for recognition of the Czech right to self-determination, while a splendidly organized secret service within Bohemia was preparing the ground at home. In January 1917, a demand for Czechoslovak liberation was included

in the Allied war aims—the first concrete result of this agitation. By May 1917 (after the Russian Revolution in March), a Czechoslovak legion was fighting with the Russian army against the Central Powers, and in December, 1917, an autonomous Czechoslovak army, under its own flag and acknowledging the military control of the French High Command, had taken its place on the Western Front. Allied recognition of the Czech National Council as the "first step towards a future government" followed during the summer of 1918.

In October 1918, with the dissolution of the Hapsburg Empire, a provisional Czechoslovak Government under the presidency of Dr. Masaryk, with Dr. Beneš as Foreign Minister and Colonel Stejanik as Minister of War, was formed and on October 18, this triumvirate published the Czechoslovak Declaration of Independence. Ten days later, on October 28—the Czechoslovak "Fourth of July" —the *Narodni Vybor* or Czech National Committee in Prague took over the civil administration of Bohemia and the new republic started life by an entirely bloodless revolution. The first National Assembly met in Prague on November 14, Czech delegates from Bohemia and accredited Slovaks from Slovakia being present. The Germans in Bohemia were not represented, a fact which postponed conciliation between the old dominant race and the new masters. The Germans at that time hoped, under application of the principle of self-determination, that they would be allowed to unite either with German-Austria or with the German Reich.

As delimited by the Peace Conference, the territory of Czechoslovakia comprises 54,207 square miles and the total

population is 14,356,000 (1926 census), of which the Czechs and Slovaks together number 8,761,000. The state forms a long and very narrow strip of territory bordered by five different nations. It has no seaports, but access to the sea was provided in the peace treaty by internationalization of the Elbe River and by the establishment of free zones in the ports of Hamburg and Stettin. Because of her geographical position, Czechoslovakia is thus extraordinarily dependent on its international relationships.

The three Austrian provinces of Bohemia, Moravia and Silesia and the former Hungarian sections of Slovakia and Ruthenia make up the new state of Czechoslovakia. In the former Austrian section, the new frontiers follow those of the ancient crown of Bohemia. Frontier delimitation for Slovakia was more difficult and the boundaries as finally drawn contain a large Magyar minority of 745,000. Many of the Magyars inhabit an island in the Danube near Bratislava, known as the *Grosse Schütt,* a bone of contention between Hungary and Czechoslovakia during the last decade. Ruthenia, a section of territory to the southeast, bordering on Poland, Rumania and Hungary was assigned to Czechoslovakia as an autonomous province. This region is inhabited by the Ruthenians, long cruelly suppressed by Hungary, but a backward people, among whom the percentage of illiteracy is very high. They number 462,000 forming a majority of the population of that section. The inclusion of Ruthenia within the Czechoslovak state was motivated largely by strategic considerations, for the Carpathian mountains form a national boundary line. Furthermore this delimitation gave Czechoslovakia direct territorial access to Rumania. Thus, racially, Czechoslo-

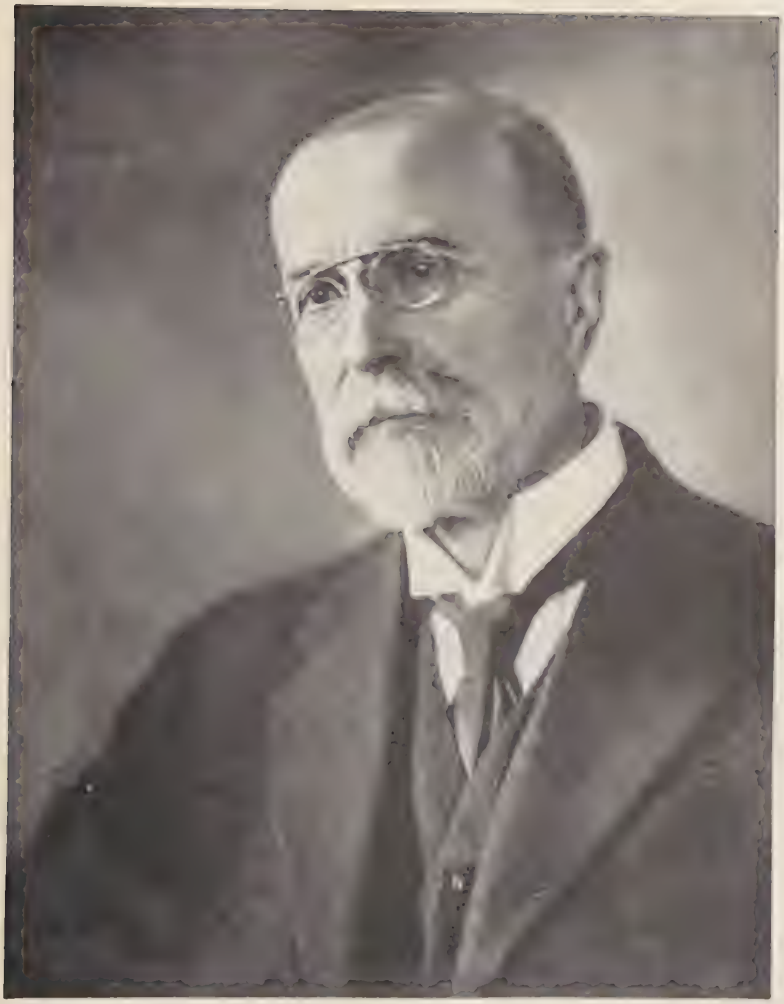
vakia is composed of Czechs and Slovaks—Slav peoples very closely akin to one another—and of Germans, Magyars, Ruthenians, Jews and some Poles.

The most important minority within the new Republic is the German, numbering 3,124,000. The Germans live mainly in Bohemia, Moravia and Silesia, where in some sections they form a majority of the inhabitants. Having been for so many centuries the masters of the country, the Germans have found it difficult to adjust themselves to the new state of affairs.

The minorities in Czechoslovakia are protected by the League of Nations and by the treaty between Czechoslovakia and the Principal Allied and Associated Powers, signed at St. Germain on September 10, 1919. The latter contains provisions similar to those in the Polish treaty, and accords the minorities full and complete protection of life and liberty and the free exercise of any creed, religion or belief.

The Germans protested freely during the first years that their minority rights had been violated. But since two German ministers joined the Švehla Government in October 1926, relations have improved greatly. The 1927 report of the Minister of Education to the Budget Committee states that there is one Czech school for every 33,628 Czech inhabitants and one German school for every 32,200 Germans.

Political solidarity on non-racial lines was further evidenced when President Masaryk was re-elected in May 1927. Whereas in 1920 he did not receive a single German vote, in 1927 three-quarters of the German deputies voted for him. Further racial cooperation is evidenced by a



THE FATHER OF CZECHOSLOVAKIA
Thomas G. Masaryk

Congress of Czech and German Social Democrats which met in March 1928 to discuss lines of action for a future united policy.

Until early in 1927 there was considerable agitation in Slovakia for an autonomous régime, based on the so-called "Pittsburgh Pact" made in 1918 by Dr. Masaryk in Pittsburgh, Pennsylvania, with American Slovaks. In this agreement he is supposed to have promised the Slovaks an autonomous state when the new Republic was formed. With the entrance of two Slovaks in the Prague Government in 1927, and the settlement of religious difficulties in Czechoslovakia, this agitation has diminished.

The problem of Ruthenia is as yet unsettled, for although under the minority treaty Ruthenia was incorporated in Czechoslovakia as an autonomous state, the Czechs claim that the great illiteracy and backwardness of the section make it impossible for Prague as yet to grant real autonomy. The Ruthenians are accordingly very bitter in their complaints against the Government.

Czechoslovakia is very rich in natural resources and is almost self-supporting as far as food is concerned. Practically all of the beet-sugar producing area of the former Austro-Hungarian Empire is now in Czechoslovakia, as well as 60 per cent of its breweries, 50 per cent of its alcohol distilleries, nearly two-thirds of its iron production and four-fifths of its textile industries. These, with the famous Bohemian glass industry and the china manufactories, comprise the principal industrial wealth of the new Republic and make it one of the most important industrial centers of Europe. It has been estimated that approximately 80 per cent of the industries of the former Dual

Monarchy are now within the borders of Czechoslovakia. Obviously a population of 14,000,000 cannot absorb the products of plants originally designed for an empire of 52,000,000. Therefore Czech industry must look abroad for its market and this it has done with gratifying results. Czechoslovakia's best customers have been Germany, Austria, Great Britain, and Hungary, in the order named; from Germany, Austria and Poland come her principal imports.

Political parties in Czechoslovakia are very numerous, being formed on racial lines and subdivided mainly according to economic and religious interests. The principal Czech parties are: the Agrarian Republican party, representing agricultural interests of small landowners and peasants; the People's Catholic party, which as its name implies aims to preserve the influence of the Church and is conservative; the Social Democratic and the less radical National Socialist party; and the National Democratic party, which is the most nationalistic of the Czech groups. The Germans have an Agrarian party, which represents Hungarian agricultural interests as well, a Christian Socialist or clerical party, a Social Democratic party, a Socialist Labor party, representing nationalist elements among the workers, and a Nationalist party of intransigeant upper class German nationalists. The Slovak People's Catholic party looks out for Slovak interests and works for Slovak autonomy, and the Hungarians have a Christian Socialist party, a vigorous Catholic group representing Hungarian minority interests. Besides these parties, there is a small but noisy minority party represented in the Lower House. The Communists have the second largest representation of

any party, the Czechoslovak Agrarian party being the only group outnumbering them in the Parliament. The Communists include representatives of all nationalities, majority and minority, in the Republic, but do not cooperate in the Government. The present premier, Dr. Antonin Švehla is a member of the Czechoslovak Agrarian party; Dr. Beneš, the Foreign Minister, belongs to the Czechoslovak National Socialist party.

Czechoslovakia has enacted a far-reaching program of land reform—one of the most important acts of the new Republic. By a law of April 16, 1919, which was soon followed by further legislation, large estates were expropriated, and under no circumstances were holdings of more than 500 hectares allowed. Compensation was provided for former owners and the peasants were sold land at very low prices and easy rates. The land reform, while of great social and economic importance, was also a most significant political measure. More than one-quarter of all Bohemia had been owned by less than 2 per cent of the landowners, while in Moravia nearly one-third of the soil belonged to less than 1 per cent of the landowners. Furthermore, most of the estates had been German owned. The Assembly which passed the original land law had been boycotted by both Germans and Magyars and contained only Czechs and Slovaks.

One of the most important problems in the Republic has been the relation between Church and State. Paradoxically enough, the majority of Czechs and Slovaks to this day remain within the Catholic fold, although the moral leadership of the nation, from the great Protestant, John Hus, down to President Masaryk, has been radically

out of sympathy with the doctrines and practices of Rome. The Catholic Church for centuries was used by the Hapsburg dynasty as its spiritual policeman, with the result that the national liberation of 1918 brought a wave of anti-Catholic reaction in its wake.

It is estimated that in spite of the loss of about one and a half million communicants since 1918, more than three-quarters of the population officially remain true to Rome. The remainder are split up into numberless Protestant sects. However, of the 10,000,000 Catholics in Czechoslovakia from a quarter to a half are known as Matricular Catholics—those registered through birth certificates without ever having given proof of their religious beliefs. It should be noted that the combined vote of all Catholic parties in Czechoslovakia has never reached the proportion of one-quarter of the total electorate. Education was secularized by the Nationalists and Socialists who ruled the Republic during its early years and religious instruction was made voluntary in the schools. In Slovakia, where nearly all primary schools in rural districts had been denominational, this change created tremendous complications. These schools had been supervised by the Church under the pre-war régime and in this way the Catholic Church had been used to Magyarize the people. After the collapse of the Dual Monarchy, the Czech government established hundreds of new schools in Slovakia in an effort to wipe out both the great prevailing illiteracy and to counteract Magyarization. The Slovak clericals have intensely resented this intrusion on their previous monopoly.

Besides the school question, the chief points at issue between Rome and Prague were the delimitation of Catho-

lic dioceses in accordance with post-war frontiers; appointment of members of the higher clergy; and property disputes arising out of the breaking up of the huge ecclesiastical estates (*latifundia*) through the agrarian reform.

In 1924 the struggle between Rome and Prague became acute over the official celebration of Hus Day—July 6, the anniversary of the burning of Hus as a martyr to the Protestant cause—as a national Czech holiday. Rome withdrew the Papal Nuncio, and within the Republic Catholic opinion was sharply divided. General elections of 1925 however, resulted in striking clerical gains at the expense of the Socialists, caused partly by improved financial conditions in the new state.

The prize coveted by the victorious clericals was the post of Minister of Public Instruction in the reconstructed Cabinet. For if this could be gained they hoped to restore the rights of Catholic schools. But the Prime Minister, Švehla, one of the most dexterous politicians in Europe, gave the plum to the important Agrarian party and departed for a "political cure" abroad. During his absence, a ministry of non-party "Experts" governed the Republic.

In May and June 1926, the Agrarians in Parliament demanded certain import duties on grain and flour while the clericals insisted on an increase of income for the clergy, whose salaries were paid by the state. Political bargains were made at the expense of the Socialists, and the Clerical and Agrarian groups—both Czech and German—voted together for the measures, while the Left parties, regardless of nationality, hotly opposed them. This development along horizontal class lines, with economic con-

siderations taking precedence over racial animosities, forms a landmark in the history of the Czechoslovak Republic. The National Coalition which had governed the country from the first had gone to pieces.

In October 1926, Švehla formed a new political Cabinet, and for the first time representatives of two German parties—the Agrarian and Clerical—held portfolios. Shortly after the new year in 1927, two Slovak Clericals entered the Cabinet on the understanding that the Slovak autonomy campaign be discontinued. Further negotiations between the Vatican and the Czechoslovak Government have finally had important results. A new Papal Nuncio has been received in Prague, and late in December 1927, a *modus vivendi* was arranged between Czechoslovakia and the Vatican. In January 1928, a diplomatic exchange of notes put this arrangement into force. In no way a concordat, the *modus vivendi* settles the outstanding difficulties between Rome and Prague on a broad basis of mutual tolerance. It provides for the distribution of dioceses in Czechoslovakia, and for participation of the State in the appointment of bishops, as well as settling minor points in dispute.

Post-War Rumania

Rumania emerged from the World War and the Peace Conference more than doubled in size, taking rank—with an area of 114,000 square miles and a population of 17,500,000— among the middle-sized states of Europe, immediately after Spain and Poland. Her aggrandizement was effected at the expense not only of enemy countries

—Austria-Hungary and Bulgaria, who ceded Bukovina, Transylvania, part of the Banat of Temesvar and the remnant of the Dobrudja—but also of a former ally, Russia, from whom she took Bessarabia. The peace settlements thus transformed Rumania from a national state, enjoying racial, religious and cultural homegeneity, into a heterogeneous state with a large and varied non-Rumanian population.

In spite of the great changes which have taken place in Rumania since 1914, the combined results of which amount to a revolution, the country is still governed by the Liberal party which, with but a few brief interruptions, was in power during the half century of Rumanian independence preceding the war of 1914. The forces that have been liberated by Rumania's phenomenal territorial aggrandizement, agrarian reform and the introduction of universal manhood suffrage, though organized and politically active and articulate, have failed so far to capture the government. It is this anomaly that explains to a considerable extent the almost chronic political crisis with which Rumania has been afflicted in recent years.

Before 1918, the two principal parties in Rumania were the Liberals and the Conservatives. The Rumanian Conservative party before 1918 represented the landed aristocracy while the Liberals relied for their strength on the industrial, commercial and banking interests. During the war the Conservative party was openly pro-German. But though Rumanian public opinion sympathized with the western Allies and in particular with France, M. Bratianu, leader of the Liberals, did not adopt the thick-and-thin pro-Entente course advocated by M. Take

Ionescu, the most internationally-minded of Rumanian statesmen. He pursued a strictly realistic policy, bargaining with both sides and holding out for the maximum satisfaction of Rumanian claims; and when he finally made his choice it was because, in the nature of things, the Entente (by the Treaty of August 17, 1916) was in a position to promise much more than Germany. Thus to its long record the Liberal party added the supreme achievement of leading Rumania into the war on what turned out to be the victorious side, a momentous step which consummated the work of national unification.

The Liberal party, having inherited the traditional continental liberalism of the nineteenth century, seems to have exhausted its program of reform after the attainment of national independence and unity, the extension of the franchise and the destruction of the power of the landed aristocracy. With the disappearance of the Conservative party, the remnants of which it has absorbed, it now finds itself the defender of the existing order, representing as it does the concentrated wealth and the vested industrial, commercial and especially banking interests. It therefore favors indirect rather than direct taxation, and a high protective tariff for the benefit of home industries, and it has pursued a policy of economic nationalism which, its opponents claim, has mainly benefited the powerful interests that are closely identified with it. Its attitude of hostile reserve towards foreign capital, in the opinion of these opponents, has deprived Rumania of foreign financial assistance urgently needed for its financial reconstruction. While it has the agrarian reform to its credit, its opponents claim that it has done little to help the peasants to

benefit thereby or to promote the cause of agriculture in what is after all a predominantly agricultural country.

At the end of the war the party situation was completely transformed. The Conservative party, its prestige greatly lowered by its pro-Germanism during the war, was practically wiped out as a result of agrarian reform and the introduction of universal manhood suffrage. On the other hand, the annexation of Transylvania brought the National Transylvanian party into Rumanian politics under the leadership of M. Vaida Voivod and M. Juliu Maniu. Moreover, the agrarian reform coupled with universal manhood suffrage created a peasant democracy represented by the powerful Peasant (Tsaranist) party, with M. Mihalake and M. Lupu as leaders. Its backbone was the rural population of another recently acquired province, Bessarabia.

The National Peasant party represents the peasant democracy that came into its own as a result of the agrarian reform and universal manhood suffrage, as well as the political and administrative liberalism of the Transylvanian Rumanians. It has a comprehensive program of reform, the most substantial item of which is the strengthening of the agricultural cooperatives through more generous financing by the National Bank. It professes a more liberal attitude towards foreign capital than do the Liberals, and advocates administrative decentralization, a certain amount of local self-government, the reform of the rural gendarmerie and a more enlightened policy towards the minorities.

The first few years after the war were marked by a succession of various governments, none of which accom-

plished anything of much importance, until in July 1927, a general election recalled the Liberals to power and the various small parties were eclipsed. An electoral law of March 1926, somewhat on the Fascist model, gives a majority in Parliament to the party which polls 40 per cent of the votes cast, while it deprives of any representation those groups which have failed to secure 2 per cent of the total. Thus the two leading parties in Rumania to-day are the Liberals and the National Peasant party. The leader of the former is M. Vintila Bratianu who has succeeded his brother M. Ion Bratianu, who died in November 1927. The National Peasant party in 1925 absorbed the National Transylvanian party and is led by M. Juliu Maniu, a Transylvanian. The failure of the National Peasant party to hold office, despite its overwhelming numerical preponderance, is due mainly to the decisive rôle played by the Crown in Rumanian politics and to the ability of the government in power almost invariably to control a general election. The late King Ferdinand gave a liberal interpretation to the constitutional provision (Article 88) which vests in the Crown the power to "appoint and dismiss" the ministers. On more than one occasion Rumanian Prime Ministers resigned at the royal behest, regardless of the parliamentary situation. By the free use of the royal prerogative, frequent dissolutions, and the operation of what seems to be an unwritten law of Rumanian politics whereby the government in power never loses a general election, Greater Rumania has been ruled so far, with one exception, by the parties of the Regat (pre-war Rumania) and in particular by the powerful Liberal party.

Rumania has been much in the news since the war both because of the activities of the beautiful Queen Marie and through the spectacular love affairs of the former Rumanian Crown Prince, Carol. The latter precipitated a dynastic crisis, when on December 28, 1925, he renounced his right of succession to the Rumanian throne and refusing to give up his mistress, the red-haired Mme. Lupescu, went to Paris. On January 4, 1926, the Rumanian Parliament passed a law effecting a dynastic settlement which recognized the five-year old Prince Michael, Carol's son, as Crown Prince and provided for a council of regency in case of his accession to the throne during his minority.

King Ferdinand seems to have been definitely an ally of the Liberal party and this fact enhanced the significance of the dynastic crisis. The King's obvious reluctance to see the National Peasant party in office strongly tempted the latter party to turn to Prince Carol as its champion.

The settlement effected after Prince Carol's renunciation placed the National Peasant party in an awkward position, which showed itself for a time in a wavering and rather ambiguous attitude. It is reasonable to assume that a Regency which owed its existence to the Liberal Government and, in view of Prince Michael's youth, threatened to wield the royal power over a long period of years was extremely distasteful to the National Peasant party. But on the other hand Prince Carol's erratic conduct raised grave misgivings as to the expediency of elevating him to the throne and made the espousal of his cause increasingly difficult. The popularity which he enjoyed both in army circles and among the people at the time of his renunciation rapidly waned, especially when it

became known that he refused to consider the restoration of his rights unless he was permitted to divorce his wife, the former Princess Helen of Greece. In a letter to Premier Averescu dated November 30, 1926, King Ferdinand reaffirmed his determination to uphold the dynastic settlement, and the Executive Committee of the National Peasant party finally decided, on April 4, 1927, not to reopen the dynastic issue.

With the death of King Ferdinand in July, 1927, the royal power became vested in the Regency,[1] and a few months later the powerful statesman who had set it up also passed from the scene. To the very end M. Ion Bratianu would accept no modification of the dynastic settlement, and M. Vintila Bratianu, his brother and successor in the Premiership, has so far maintained the same intransigeance on the dynastic issue. The course of Rumanian politics in the immediate future will depend on whether the Regency will emulate the late King's drastic use of the royal prerogative, and M. Vintila Bratianu his brother's disregard of the rights of the Opposition. The Liberal party, deprived of the services of its great leader, seems to realize the need of a more conciliatory attitude. And the presence until recently in the present Liberal Government, in the important post of Foreign Minister, of M. Nicholas Titulescu, who is not strictly a party man but a career diplomat primarily concerned with enhancing Rumania's prestige abroad and bettering its international situation, seemed an added guarantee of moderation.

Rumania is a very rich but backward agricultural and

[1] The Regency, set up by the Act of January 4, 1926, consists of Prince Nicholas, Dr. Miron Cristea, Metropolitan of Bucharest and Primate of Rumania, and M. George Buzdugan, President of the High Court of Cassation.

timber country which has only recently undertaken to develop its oil resources and factories. It is dominated economically and politically by a relatively small but wealthy group of "political business men" whose traditional business is banking. The post-war years have been marked by inflation of the currency. The leu—normally worth the same as the franc—reached its lowest point in May 1926, when it fell to almost 270 to the dollar. Since then, it has steadily improved, probably on account of the improvement in Rumanian foreign trade. Since 1926 Rumania has had a favorable trade balance and the budget has been balanced since 1923, as a result of economic expansion and various fiscal reforms.

During 1928, Rumania has been making strenuous and seemingly successful attempts to stabilize her currency and is negotiating now for a loan which she very badly needs. If these plans are successful it will greatly strengthen the Liberal party and give it heightened prestige.

The Minority Problem

There are approximately 1,700,000 Magyars in Rumania, mainly in Transylvania. This, the largest Rumanian minority, comprises 9.7 per cent of the total population. The Magyars in Transylvania form about 25 per cent of the population of that territory. Besides the Magyars, there are in post-war Rumania 1,100,000 Germans (6.1 per cent of the total population), 800,000 Ukrainians (5 per cent of the total) and 250,000 Bulgarians (1.5 per cent of the total), and almost a million Jews. In all there are about 11,000,000 minority peoples comprised in

Rumania's total population of approximately 17,500,000. Thus with about five-eighths of her people belonging to this class Rumania stands above Poland in the size of her minorities.

The minority problem in Greater Rumania is a very serious one. The interest taken by co-religionists of such European and American minority groups in Rumania's treatment of the several varieties of Protestants in Transylvania and of Jews throughout the Kingdom has repeatedly brought Rumania before the bar of Western opinion. The minorities were placed under international protection by a treaty of December 9, 1919. This was signed by Rumania only after her statesmen had become convinced that if they did not take such action the Allies would not consent to the incorporation in the Kingdom of the new territories containing a large percentage of non-Rumanians. The treaty is similar to the Polish Minorities Treaty except that it contains a clause by which "Rumania undertakes to recognize as Rumanian nationals, *ipso facto* and without the requirement of any formality, Jews inhabiting any Rumanian territory who do not possess another nationality." This was intended to end the scandalous treatment which Rumania had meted out for forty years to the Jews. As a matter of fact however, anti-Semitism is still rife in Rumania and the position of the Jews there is extremely bad, and has been the occasion of many protests. Rumanian action in this matter has not bettered her international position. The contrary, indeed, is true.

A consequence of the war and of the Russian Revolution was the agrarian reform, which effected a complete

transformation in economic and social conditions in Rumania. In 1920 and 1921, successive agrarian laws practically converted Rumania into a land of peasant proprietors, the large estates which still remained comprising only 15 to 20 per cent of the total area of the country. Simultaneously universal manhood suffrage was introduced, tending to transfer political power to the landowning peasantry, created on the ruins of that landowning aristocracy which had been the backbone of the pre-war Conservative party.

The agrarian reform has been especially hard on the Hungarian minority in Transylvania, where it is estimated that 79 per cent of the estates containing more than 200 acres were owned by Hungarians. The notorious dispute concerning the Hungarian optants—landowners who were transferred to Rumanian rule by the Treaty of Trianon, opted for Hungarian nationality and were expropriated by the Agrarian Reform Law—has embittered Hungarian-Rumanian relations for more than five years. From 1923 until June 1928 this dispute was before the Council of the League of Nations; then it was referred again to the disputants for direct settlement of the compensation which the expropriated landowners should receive. But the prospects of a final and satisfactory adjustment did not seem bright in the summer of 1928.

The Little Entente

Czechoslovakia, Rumania and Jugoslavia now own considerable territory acquired from the old Austro-Hungarian Empire. Czechoslovakia, in fact, is almost entirely

composed of provinces formerly belonging to the Dual Monarchy. As a result, all three are primarily concerned in maintaining the *status quo* established by the peace treaties, and in preventing a return of the hated Hapsburg dynasty. In order to consolidate their gains and insure themselves mutual protection, these states have formed an alliance known as the Little Entente. This combination of states, representing a total of 42,000,000 inhabitants, has to a certain extent replaced the heterogenous Dual Monarchy with its 51,000,000 people, in the international relations of Central Europe.

The chief architect of the Little Entente is Eduard Beneš, Foreign Minister of Czechoslovakia. Largely as a result of his initiative, conventions of alliance were signed between the three states as follows:

(1) Czechoslovakia-Jugoslavia, August 14, 1920;
(2) Czechoslovakia-Rumania, April 23, 1921;
(3) Jugoslavia-Rumania, June 7, 1921.

The preamble of the first convention declares that its purpose is the maintenance of the Treaty of Trianon. By the actual terms of the instrument, the two states agree to assist one another in the event of an unprovoked attack upon either of them by Hungary in accordance with the terms of a military convention to be drawn up later. (This was actually signed on August 1, 1921.) Furthermore, neither party is to conclude an alliance with a third party without giving previous notice to the other. The terms of the Czecho-Rumanian convention are identical with those of the first convention, except for the insertion of an explicit provision that the two governments shall pursue

a concerted foreign policy in regard to Hungary. The Rumanian-Jugoslav convention contains an additional article providing for a concerted policy against Bulgaria as well as against Hungary. The conventions have been duly registered at Geneva with the League of Nations.

Czechoslovakia and Rumania made firm representations to Hungary in March 1921, on the occasion of an attempted *coup* by Karl of Hapsburg. The most important result of Karl's move was to hasten the conclusion in April and June 1921, of the conventions between Rumania and Czechoslovakia and Jugoslavia and Rumania respectively. In October 1921, the Little Entente states actually decreed mobilization against Hungary and so strenuous were their representations at Budapest asking for Karl's formal abdication and removal to a definitive and safe place of residence, that Hungary finally appealed to the Allies for protection. The Conference of Ambassadors politely asked the Little Entente to demobilize, but did call upon the Hungarian Government also to proclaim the deposition both of Karl and of the Hapsburg Dynasty. Thus the Little Entente won its first substantial victory.

It is significant of the weakened condition of the Austrian Republic that the Little Entente states did not consider her a potential enemy. In fact, Czechoslovakia signed a political convention with Austria on December 16, 1921, by which both parties pledged themselves to complete execution of the peace treaties.

They pledged mutual neutrality in the event of an attack by a third party, as well as diplomatic support. Further, they promised to suppress movements in their respective territories directed against the other state

and agreed to cooperate to prevent a restoration of the old régime. In March 1926, the two states signed a treaty binding themselves to the peaceful settlement of all disputes. In the summer of 1928 M. Marinkovitch, Jugoslav Foreign Minister, even suggested that Austria join the Little Entente. Austria, however, declined to join any group directed against another Central European power —namely Hungary.

Hungary was admitted to the League of Nations in September 1922. Since then, the tension in Central Europe has somewhat relaxed and in July 1923, at one of the periodic conferences which the Little Entente has held, it was decided that the three allies should approve the scheme of League reconstruction for Hungary, a decided step toward conciliation.

During the past five years, the Little Entente states have been drawn more and more within the orbit of the Great Powers. France, as we have seen, has signed important treaties of alliance with all three states, while Italy, also seeking to secure the hegemony of the Balkans and to extend her influence in Central Europe, has signed treaties of "cordial collaboration" with these states. Italy, however, has also been flirting with Hungary, and in March 1927, signed an arbitration and friendship treaty with the Magyar State. This act, to some extent, drew taut the loosened bonds of the Little Entente, while the Hungarians felt that at last they had secured an ally after their years of isolation. The discovery of a shipment of arms marked "machine parts" at a frontier station between Austria and Hungary to which reference has already been made was the cause of an appeal by the Little Entente to

THE POWER BEHIND A THRONE
Ion Bratianu

TURKEY'S PETER THE GREAT
President Mustapha Kemal Pasha

the League of Nations.[1] This incident, together with Mussolini's subsequent pronouncements in regard to revision of the Treaty of Trianon, coming as it did on the heels of Lord Rothermere's campaign for revision, has kept the Little Entente in a constant state of nerves.

Since the settlement of frontier difficulties between Czechoslovakia and Poland, the latter state has cooperated fairly consistently with the Little Entente, although never formally joining the alliance.

The old Austro-Hungarian Empire had the advantage of comprising a large area where there were no customs barriers. Each of the succession states has surrounded itself by high tariff walls and in spite of some desire to remedy this evil, the Little Entente states have made little progress towards free trade either between themselves or with their neighbors. After four years of negotiation, an innocuous Trade Treaty was signed early in 1927 between Hungary and Czechoslovakia, which, though indicating a trend toward normalcy, is perhaps hardly a beginning toward the recovery of the free movement of trade.

Nevertheless the Little Entente must be considered as the most important stabilizing element in Central Europe since the war. Although each fresh attempt on the part of Hungary to revise her frontiers puts new life into the worst features of the alliance, complete stabilization of the new governments and a policy of mutual toleration on the part of Hungary as well as of the Little Entente states, will, if developed, permit Central Europe to live at peace with itself and will consequently insure the peace of Europe.

[1] Cf. p. 307.

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CHAPTER XVII

FASCIST RULE

The Kingdom of Italy has one point in common with the Empire of Germany—both got a late start in life. The unification of Italy was not completed until 1871—the same year as the unification of Germany. Thereafter, except for a war with Turkey in 1911, Italy led a peaceful existence until the outbreak of the World War. Despite her alliance with Germany and Austria, Italy finally entered the war on the side of the Allies after receiving promises of material gain and additional territory in the secret treaty of London of 1915. When the armistice came, the country was disorganized and anaemic, and the administration of the government was in a demoralized condition. A wave of economic discontent, caused by inflation, demobilization, the cessation of emigration and the tourist traffic and the dislocation of foreign markets, swept over the country, strengthening the radical faction of the Socialist movement, which forcibly took over the management of a large number of factories in 1921. The Socialists finally induced the employers to give the workers a share in the management of industry, and even threatened the country with a Soviet régime.

They soon met their doom, however, at the hands of a former party member, Benito Mussolini, then less than 45

years of age. Before the war Mussolini had been a radical and an obscure but militant Socialist leader. For a time he had lived in Switzerland, but in 1912 he returned to Italy and became editor of a Socialist paper *Avanti.* Mussolini at first denounced the World War as a capitalist enterprise, but he soon reversed his position and was consequently expelled from the Italian Socialist party, which alone of the Socialist parties of Europe opposed the war from the beginning. He later established a newspaper of his own, called the *Popolo d'Italia,* which urged a vigorous conduct of the war. A man of magnetic personality, he was convinced that he had been called to play a historic mission in the world. At the end of the war Mussolini organized a patriotic society of young men known as the Black Shirts, which at the Rome Congress of November 1921, became the Fascist Party. Its members adopted uniforms, songs and symbols—including the Roman salute and the lictors' rods. At first no one took the Fascists seriously. But they soon changed their minds.

When in 1919, Italy's economic distress seemed to have brought the country to the verge of Bolshevism, which a hopelessly divided Parliament was powerless to combat, Mussolini's Black Shirts, in an alliance with the syndicalist labor unions, engaged in bitter conflicts with the Communists, forcing many Communist and Socialist mayors to give up their offices. Those who resisted the demands of the Black Shirts were obliged to swallow large doses of castor oil. They were also treated to other forms of violence and there was even some bloodshed. The criticisms of the Fascist squads became so vigorous that the inept

Facta Government was obliged to resign. And, following a famous march of the Black Shirts on Rome, in October 1922, which was directed against "a political class of weaklings and defectives who for four years had not been able to give the nation a government," the King asked Mussolini to become Prime Minister and to form a national government.

A parliamentary crisis soon developed. For a time after his accession to power in 1922 Mussolini temporized with the opposition. But in December 1923, he secured the enactment of an electoral law providing that the party polling the largest number of votes at a general election should be entitled to two-thirds of the seats in the Chamber of Deputies. The opposition took up the challenge. It withdrew to the Aventine Hill, where, despite Mussolini's threats, it insisted on remaining. For some time Mussolini continued to govern with a rump Parliament composed only of his own supporters. But in November 1925, he ended the deadlock by suppressing Parliament altogether, making the Prime Minister responsible solely to the King and empowering the Prime Minister to issue decrees having the force of law. He enacted legislation establishing a rigorous censorship over the press. All editors of recognized papers must register with the Fascist party, and all papers must receive their directions from the government. A law for the defense of the State, of November 1926, virtually provided for the abolition of political parties opposed to Fascism and all labor unions which were not Fascist in character. Mussolini also abolished the secret societies, banishing one Masonic Grand Master for five years. He disbarred anti-Fascist lawyers and forced promi-

nent Italians, such as Signor Nitti, together with hundreds of others, to flee the country. He gradually staffed the universities with Fascist professors; "purified" government services of all anti-Fascist elements and exiled hundreds of political prisoners. By this series of measures Mussolini rigorously suppressed all opposition. The result was a rush of Italians into the Fascist party, partly because of intimidation, and partly because of a desire to be on the winning side. Unlike the Communist party of Russia, the Fascists at first welcomed recruits indiscriminately. The result for a time was an unruly organization made up of many conflicting elements. Mussolini attempted to correct the situation by a "purifying" policy and by severely punishing acts of insubordination.

During this period, local bands of Fascisti roamed throughout the country, committing acts of so-called "squadrism" or violence, and otherwise venting their displeasure upon their opponents. These methods of violence came to a head in the murder of Signor Matteotti in June 1924. Matteotti had intended to expose the graft of Mussolini's Minister of the Interior, who, it was learned later, had been involved in the murder. The country was shocked by the incident. While the Fascists denied that their leader was implicated, Mussolini had previously boasted that everything in Italy was done upon his "express" orders, and naturally the non-Fascist public now held him responsible. In an effort to retrieve his position, Mussolini removed from office nearly everyone mentioned in the scandal. Nevertheless, when the murderers of Matteotti were finally brought to trial in March 1926, they were defended by the Secretary-General of the Fascist party

and were given sentences so light as almost to constitute an acquittal.

Such were the methods by which Mussolini and his followers came into power. His party was at first composed largely of a curious assortment of young men, returned soldiers, obscure journalists, some peasants and trade unionists, headed by a few distinguished liberal and nationalist statesmen.

There are those who attribute to Mussolini the personal greatness of a Napoleon Bonaparte; there are others who assert that his magnetic and powerful personality is a myth, built up in order to hold together the Fascist party, composed of a number of bitterly contending groups. Whatever the true estimate of the man, the Fascist movement in Italy has far greater significance than the victory of one group of political rivals over another. It is a movement which is based on vibrant emotions and on powerful beliefs. It is a movement which has constructed an organization matching these beliefs, which is unique among the governments of Europe.

The Fascist Party

Fascism is essentially nationalistic. It regards the State as the embodiment of the unity of its citizens; it preaches that every citizen is completely subordinate to the State. It elevates Italy above all nations; it teaches that Italy must expand. In a speech at Trieste in February 1921, Mussolini said, "The Mediterranean is destined to return to us. Rome is destined to become once more the city which directs the civilization of the whole of Western

Europe." Every person who opposes Fascism also opposes Italy, because Fascism is the State. Fascism opposes Socialism because Socialism ignores national frontiers and advocates the individual gain of the working class. Fascism is idealistic—it preaches individual sacrifice to the nation.[1]

A student of Machiavelli, Mussolini believes that the first duty of a government is to be strong. There must be a supreme power. Liberty can exist only in a strong state. And if liberty must be sacrificed to make a state strong, liberty must go.

The Fascist party was officially organized in 1921. For a time it had an annual party congress. But in October 1926, a new constitution was adopted, based on the principle of "anti-electionism," which abolished these congresses and placed all authority in the hands of a Grand Fascist Council, presided over by Il Duce, the Leader. The Council, which is composed of the party secretaries of each province, has almost unlimited power. It appoints a Directorate of nine members which meets once a month under the presidency of Mussolini. Provincial councils and directorates are organized on the same plan. The provincial secretaries appoint the secretaries of the local Fascisti. Altogether, the Fascist party does not seem to occupy the same important relationship to the government as does the Communist party in Russia. Mussolini dominates both the government and his party—a fact which was illustrated in his circular to the prefects in charge of the provinces in January 1927, in which he promised to support their efforts to suppress all attempts of local Fascist groups to

[1] Cf. Professor Herbert W. Schneider's forthcoming book, *Making the Fascist State*, to be published by the Oxford University Press. This is one of the best books on the subject.

take the law into their own hands. Party officials are now prohibited from holding other salaried political offices.

In 1926 it was also decided that only those who have "graduated" from the Advance Guard, a Junior Fascist organization, could become members of the party. Recruits to this organization are boys ranging from the ages of 14 to 18, who take an oath to the King and solemnly swear "to follow without question the orders of Il Duce and to serve the cause of the Fascist revolution with all their might, and if necessary with their blood." The Advance Guard is similar to the Boy Scouts, and has its costumes, hikes and drills. Officers from the Fascist Militia have been placed in charge of the Advance Guard units.

The Advance Guard is a branch of the "physical and moral" educational organization of the Fascists, called the Balilla. Balilla was the name of a historic youth who in 1745 led a revolt against the Austrians in Genoa. The Balilla proper trains youth from eight to fourteen years, while the Advance Guard takes the older boys. A million Italian children are now enrolled in both organizations, and 10,000 Fascist militia officers give instruction. The Fascist teach that the child belongs to the State and through military and physical instruction they teach him devotion to Italy. One writer states that the Balilla seems the greatest attempt in state education of youth in history since the time of Sparta.[1]

Closely related to the Fascist party proper is the Fascist Militia. This is the armed force of Black Shirts organized by Mussolini before the March on Rome, which still retains its identity. Instead of being placed under the King,

[1] Gentizon, P., "L'Éducation Fasciste," *Le Temps*, July 25, 1928.

as was the army, it was placed under Mussolini's personal authority. Originally utilized as strike-breakers, a number of the militia police the railways and perform similar duties. But at present the majority are mobilized only for parade purposes. Friction has existed from the first between the militia and the army. The militia was regarded as the support of Mussolini while the army was regarded as the support of the King. But ultimately reorganization came, and the militia was made subordinate to the army, while the army itself was placed under the authority of Mussolini.

The third unit in the Fascist triarchy is composed of the syndicates. Syndicalism had gained a strong hold in Italy before the war. As exemplified by one of its intellectual leaders, Georges Sorel of France, syndicalism preached the destruction of political governments in favor of governments by economic groups. It believed in direct action—the general strike—rather than in political action. One branch of the syndicalist movement in Italy, represented by a large number of trade unions, took on a strong nationalist bent during the war and came to be led by a young man named Edmondo Rossoni. In 1919 the Fascists found themselves in need of labor support, while the syndicalists found themselves in need of political aid. Consequently Rossoni suggested an alliance between the two groups—a suggestion which was accepted by the Fascist leader. The syndicates under Rossoni's influence came together in the Federation of Fascist Syndical Corporations. The philosophy which animated Italian syndicalism, although it deserted the principle of the general strike, aimed at the organization of every economic interest,

IL DUCE, DICTATOR OF ITALY

Bennito Mussolini

whether of employers or employees, into syndicates. While it believed in private property, it emphasized the common interests of employer and employee. The ballot and Parliament were unreal. The syndicalists who adhered to Fascism did not deny the existence of the State; the State was above the syndicates; but they did believe that the State should be organized upon the basis of economic rather than the old geographic-political groups.

Following his alliance with Mussolini, Rossoni began to organize the nation into these Fascist corporations, whose members increased from 470,000 in June 1922, to 2,121,240 in October 1926. This expansion was largely at the expense of the old labor unions and the Socialist party.

Fascism and Labor

Mussolini at first was not much interested in the syndicalist idea. But largely as a consequence of the growing influence of labor and of Rossoni's disciples, resulting from a series of strikes in 1924, Mussolini was finally won over. On April 3, 1926, the Juridical Discipline of Collective Labor Relations Law was passed. This law lays down four principles, (1) it provides for the legal recognition of syndicates and their control by the state, (2) it recognizes the validity of collective labor contracts, (3) it prohibits lockouts and strikes, (4) it establishes a labor court to hear controversies between employers and employees. This court is merely the ordinary Court of Appeals, which has a special labor section.

This law recognized six confederations of employers

and seven federations of employees (one of the non-manual workers).

Within both the employers' and employees' associations are many subdivisions. These associations may enter into collective contracts defining the conditions of labor—contracts which are obligatory on all, whether members or not.

Finally, the syndicalist system aims to unite employers and employees of similar industries into a body called the "corporation," which constitutes an "organ" of the administration of the State. These "corporations" should conciliate controversies within the industry, promote production, establish employment bureaus, and regulate apprenticeship. Seven corporations were authorized as follows: the metallurgical industries, the mechanical industries, the textile industries, the chemical industries, agriculture, commerce, and chemical trade.[1]

All legally recognized associations of employers and of employees (whether these persons are members of the association or not) have the right to tax persons they represent, but the tax is not to exceed one day's pay for each worker. Each association, to be recognized, must represent at least one-tenth of the workers or employers engaged in a particular occupation. No association will be recognized if it is affiliated with an international association —a ruling which strikes at the Socialist parties and labor unions having international affiliations. Government officials are not allowed to form syndicates. Associations which are not recognized continue to exist as *de facto* associations

[1] For an English translation of the law of April 3, 1926, see Pennachio, A. *The Corporative State*, p. 103.

in accordance with existing legislation. A special section is organized for the work of the labor court.

This intricate plan for syndicates of employers and employees is placed under strict Fascist control. The syndicates and corporations are under the supervision of the Ministry of Corporations, a post assumed by Mussolini. The directors of the association "must give proof of their competence, good behavior, and positive faith in the nation." The officers of national or regional associations must have the approval of the Ministry of the Interior, and approval may be revoked at any time.

These syndicates, and especially the "corporations" joining employers and employees together, were expected to bring about an improvement in labor conditions. But the corporations did not function quickly enough to satisfy Rossoni, who induced the government to enact the so-called Labor Charter, promulgated on April 21, 1927. This charter was heralded as a substitute for the "fictitious" Declaration of the Rights of Man.

The Labor Charter declares that the Italian nation "is a moral, political and economic unity, which has its integral realization in the Fascist State." Labor is a "social duty" and in that sense is under the guardianship of the State. Private initiative is the most efficacious and useful instrument in the interest of the nation, and State intervention will occur "only when private initiative is lacking or is insufficient, or when the political interests of the State are involved." Wages are to be fixed by action of the syndicates, the conciliation of the corporative organs and the sentence of the labor magistrate in accordance "with the normal exigencies of life, possibilities of pro-

duction and labor output." Labor has a right to a weekly rest, to an annual paid holiday and to an indemnity in case of discharge, under certain conditions. Principles in regard to accident, maternity, unemployment and sickness insurance are laid down. Some complaints have been made that the provisions of the charter are evaded.

The final ascendance of the "corporative idea" was recorded in a law of February 20, 1928, remodelling the revived Chamber of Deputies on lines involving, according to the Fascist Grand Council, "the suppression of all political parties hostile to Fascism," and the recognition of the economic organization of the nation. Under this law, the whole country forms a single constituency and the number of deputies is reduced from 560 to 400. The right to nominate candidates is vested in the national confederation of syndicates, thirteen in number, who are to meet for the purpose in Rome. These bodies are to propose a number of candidates equal to twice the number to be elected. The number which each confederation may name is fixed in an annex. Thus the national confederation of agriculturists and of manufacturers may each name 12 candidates for every 100 candidates. Other associations may also propose candidates, as determined by royal decree issued on the advice of a committee of five senators and five deputies. These nominations are sent to the Fascist Grand Council, which draws up a single list of nominees. If necessary, the Council may pick names outside those submitted by the associations. The election is then held on the basis of this list and the people simply vote "yes" or "no." If the list does not receive a majority of the votes, a second election will be held not more than 45

days later. For the new election all associations and organizations containing 5,000 members may present lists of candidates. Those who receive a majority are elected; while the remaining seats are distributed according to the "quotient" system of proportional representation.[1]

Italy seems to be the first government in the world to establish a Chamber based frankly on economic representation. Germany has set up an Economic Council which is advisory to a political parliament. It has remained for Italy to establish a body representative of all economic classes and itself having legislative power.[2]

Achievements of Fascism

Such is the machinery which Fascism has established in Italy. How has this machinery been used? The most obvious accomplishments have been in the realm of finance. In 1921-22 there was a deficit of nearly 16,000,000 lire in the Italian budget. But this deficit has been wiped out in favor of a surplus which has existed in the budget for the last three years. Recently the government has also wrestled with the currency problem. Following a policy of inflation and of loans, the situation of the lira became serious. In May, 1926, it declined to 31.6 to the dollar. Following the enactment of severe reforms, in certain respects similar to those taken in France, the value of the lira rose (April, 1927) to 18.8 to the dollar—a point

[1] The total number of votes cast for the minority seats is divided by the number of places available; the resulting figure is called the minority quotient. The number of votes obtained by each list is divided by this quotient and the result represents the number of places to be assigned to the list.

[2] The Senate remains as before.

higher than that reached by the French franc. In February 1928, the government enacted decrees legally stabilizing the lira at 19 to the dollar.

The government has also placed certain public services upon an efficient basis. In pre-Fascist days there were 23 employees on the railways for every mile of track and the number of passes issued annually exceeded a million. The service was disorganized. Mussolini and his administrators straightened out these conditions. The railways now run on time and they show a surplus. The government has also carried out new railway and road construction, built new ports, brought about the hydraulic improvement of land, introduced electric traction for certain passenger and freight traffic, and generally stimulated the development of hydro-electric power. All of these developments were not the achievement of Fascism alone, however. Some of them were the logical continuation of projects begun before the advent of the Mussolini régime.

When Mussolini first came into power, he resorted to the policy of *laissez faire*. Like Calvin Coolidge, he and his Minister of Finance, Stefani, believed that the government should not interfere with business. Consequently they turned over the telephones to private enterprise; they abolished the inheritance tax and the Ministry of Labor; they repealed the Socialist land laws and discontinued subsidies to the cooperative societies. It was a policy which increased the importance of the industrialists and consequently minimized the power of the syndicates. The financial crisis which came to a head in the spring of 1926, as well as the growing strength of the syndicates, led Mussolini to abandon his policy of *laissez faire*. He now cut

wages, rents, and the price of food. In some cases the government actually forced landlords to reduce their rents by fifty per cent; in other cases it obliged factories to keep operating at a loss subject to the threat of operation at the owners' expense. In 1927 Mussolini undertook an agricultural reform. As a result of these measures and the general syndicate organization, the power of labor increased. Fascism has established detailed control over virtually every aspect of private enterprise. The labor courts have power to fix prices in industries involved in labor disputes.

Such developments have somewhat cooled the early ardor of the industrialists for the Fascist régime, although they once rejoiced at the suppression of Socialism and the prospect of political stability. On the other hand, the laboring classes have become more sympathetic within the last two years, because of the gains made as a result of the new "corporative" organization. During 1926 the National Confederation of Fascist Syndicates negotiated 1,060 contracts and labor agreements fixing labor conditions and salaries. Whether labor will be satisfied with the anti-strike provisions of the existing legislation remains to be seen. The fact of the matter is that the bourgeois Fascist groups, with their ideals of *laissez faire*, are now engaged in a struggle with the syndicalists and their ideals of economic organization and control. Within the last two years the syndicalist ideas have definitely won ground at the expense of the old Fascist ideas. Mussolini has been obliged, whether willingly or not, to accept the former, but he has attempted to retain his grip by making all these associations depend upon him as the Minister of Corporations

and by placing the parliamentary candidates of these associations under the rigid control of the Fascist Grand Council. Mussolini is now attempting to drive the syndicates where he wants them to go. Nobody knows whether the syndicates will run away with the driver.

The Population Question

The most important problem in Italy today is economic —the problem of producing food or goods sufficient to keep the people of Italy alive—and it is a problem which Mussolini has not solved, but intensified. Italy has a population of more than 40,500,000 people, which increased by nearly 429,000 in 1926. The populations of few countries are more dense than that of Italy. The development of Italian industry, which would give the people employment, is handicapped by the shortage of raw materials, especially of coal and iron. Italy must import a large percentage of the food which her people consume.

Before the war the pressure of population was partly relieved by emigration. Between 1910 and 1914 there were 3,249,000 Italians who left their homes and sought residence abroad. Between 1911 and 1914 the excess of imports over exports averaged annually 1,064 million lira. Thousands of emigrants regularly remitted savings to their relatives, and thus helped Italy to balance her international payments. Emigrants' remittances amounted to about 450 millions, while tourist expenditures amounted to 425 millions. The remainder of the deficit was met by earnings of the merchant marine, loans and other invisible items.

The World War severely curtailed tourist expenditures

and immigrant remittances. While emigration was temporarily resumed in 1920, it has never reached its pre-war heights. The 1924 Immigration Act of the United States was responsible in part for this decline, since the quota of Italians admitted annually into the United States under that act is almost negligible. Large numbers of Italians, however, have taken up their residence in France, at first as casual laborers and later as permanent farmers. At present about 10 million Italians live abroad.

The decline in emigration has naturally increased the population pressure at home. To relieve this pressure the government has attempted to encourage "internal migration" and to colonize reclaimed land. But these are mere palliatives, and Mussolini has recently sought a better solution in the increase of the agricultural and industrial output. While annual exports are about $250,000,000 more now than in 1914, Italy still imports much more than she exports, and the deficit is no longer offset by immigrant remittances. The deficit of exports in 1926 was 7,140 million lira. Tourist expenditures in Italy during the same year amounted to 2,800 million lira, which meets less than half of the deficit.

Mussolini has rejected birth control as a possible solution of the population problem. He is opposed to all measures limiting the size and grandeur of the Italian nation.

To encourage large families Mussolini has imposed a tax on bachelors. In a speech before Parliament on May 26, 1927, he declared that "if Italy wants to count for something, it must appear on the threshold of the second half of the century with a population of not less than 60 million inhabitants. If we fall off, gentlemen, we cannot

make an empire, we shall become a colony." He recommended, in addition to the bachelor's tax, a tax on childless marriages. Fascism argues that it is easier to maintain order in a country having a dense population, and that such a country makes possible the development of a degree of culture unknown in sparsely settled areas. A reduction of population would imperil the military strength of the nation.

This attitude really arises from the profound nationalist philosophy of the Fascist leaders. They believe in the destiny of Italy. They believe in increasing the numbers of Italians in order to increase the greatness of the nation. They frankly state that because of its growing population, Italy must acquire more territory. An authoritative Fascist writer, Signor Francesco Coppola, recently declared, "demographic, economic and political reasons justify Italy's desire for expansion. . . ." Fascists do not wish Italians to emigrate to France or the United States and lose their Italian citizenship. The same writer states that emigration in the proper sense of the term no longer exists. "Italian nationals must work in Italian territories for the wealth and power of Italy." This sentiment has led Italians to demand new colonies, and to covet the mandated territories of Syria and Palestine. It has also led France to fear that Italy will sooner or later attempt to take Tunis, which is inhabited by more Italians than Frenchmen, which is closer to Italy than to France, and which Italy believes to have been snatched from her in an unsavory diplomatic game before the war. Some Italians also cast covetous eyes upon Savoy and Nice, the French Riviera, formerly Italian soil, but ceded to France in 1860.

In order to control Italian emigrants abroad, the Fascist Government, in January 1926, promulgated an "Anti-Emigré" Act, which provides that an Italian shall lose his citizenship if he takes part in an act harmful to Italian interests "even if that act be not a crime." In such a case the government may even confiscate his property. In April 1927, the Italian Government passed a startling law prohibiting an Italian from taking service with a foreign government or even with an international public institution of a political character without the previous consent of the Italian Government, which could be withdrawn at any time. This law was apparently aimed at the employment of anti-Fascists by the League of Nations. In February 1928, Mussolini issued a statute for the guidance of Fascisti abroad. They must respect the laws of the country which gives them hospitality, but they must "defend the true Italian spirit of the past and present. They must be as disciplined in foreign countries as I demand it from, and enforce it among, Italians at home." Emigrant affairs come within the province of a secretary-general at Rome.

Italy and its Neighbors

Because of the presence of a large number of Italians upon French soil, whom France is trying to assimilate, and because of Italian covetousness toward French territory, the expansionist attitude of the Italian Government has affected France perhaps more than it has affected other countries. Many Italians believe that their expansion is obstructed by the French Empire in North Africa and the system of European alliances which France has built up.

A number of demonstrations have been made against France in Italy. The Fascists have been particularly irritated at the fact that France has given asylum to Italian emigrés, some of whom, on leaving French territory, have plotted against the life of Mussolini. In the fall of 1927 the relations of the two countries became tense over the Garibaldi incident. Garibaldi was an Italian emigré in France, supposedly hostile to the Fascist régime. The French police discovered, however, that Garibaldi was actually a secret agent of the Fascist Government. The matter was smoothed over by a gentle protest from M. Briand.

In an apparent attempt to break down the diplomatic supremacy of France in Europe, Mussolini entered into a number of treaties, the chief of which was a treaty of conciliation and neutrality with Spain—also ruled by a dictator, Primo de Rivera. The treaty was signed on August 7, 1926. If Italy were to be attacked by France, Spain, under this treaty, would have to remain neutral. This treaty might conceivably conflict with Spain's obligations under the Covenant of the League of Nations.

The Spanish-Italian treaty was followed by an agreement of April 5, 1927, between Italy and Hungary—the first political treaty signed by Hungary since the war. Disputes were to be settled by conciliation and arbitration and Hungary was assured access to the port of Fiume. After this treaty had been signed, Mussolini expressed sympathy with the movement in Hungary to bring about a revision of the treaty of Trianon.[1]

[1] Cf. p. 306.

Italy also entered into similar agreements with the Little Entente countries apparently in an effort to supplant French influence in the Balkans.

Fortunately the year 1927 showed an improvement in the relations between France and Italy. In November, a *modus vivendi* was signed by the two countries in regard to emigration. In a conciliatory speech of June 5, 1928, Mussolini declared that a treaty of friendship with France had been proposed, and that a series of protocols settling the status of Italians in Tunis and rectifying the western boundary of Tripoli were being negotiated. Likewise an agreement was being reached over Tangier, a city at the entrance of the Mediterranean which has been under international rule. In December 1923, an international treaty was signed, defining the form of government and giving to France a certain preponderance. Italy was not a party to the treaty and has ever since demanded a share in the administration of the city. This was finally accorded to her in negotiations in the spring of 1928.

The South Tyrol

Another illustration of Fascist nationalism may be found in the treatment of the South Tyrol. Largely for strategic reasons, the Paris Peace Conference awarded this territory, which had formed a part of Austria, to Italy despite the fact that the majority of the population was German. Ignoring the promises made by Italy at the Paris Peace Conference, the Fascist Government attempted to Italianize the territory and was charged with prohibiting the use of German in public meetings and with the seques-

tration of German property. These measures led, in February 1926, to protests from Dr. Held, the Bavarian Prime Minister, and from Dr. Stresemann, the German Foreign Minister. They also led to protests from Chancellor Seipel of Austria in February 1928. In each case Mussolini made a belligerent reply. In an address of March 3, 1928, he declared that this was the last occasion that he would speak on the question. "The next time I shall make acts do the speaking. . . . A self-respecting state does not tolerate such foreign interference. The Democrat-Republican Fuller, Governor of Massachusetts, in the United States of America, has given us a striking example in this respect." [1] He declined to place the matter before the League. "The League of Nations, Geneva? Vain hopes. If the Geneva Council ever enters into the labyrinth of the so-called minorities it will never extricate itself from it."

Despite a mollifying exchange of notes between Italy and Austria recently, Fascist policy in the Tyrol constitutes one of the sore spots in Europe today.

The Vatican

Ever since the Italian armies marched into Rome in 1870 and destroyed the Pope's temporal power, the Holy See has declined to recognize the Italian Government. In an effort to appease the Vatican the Italian Government enacted the Law of Papal Guarantees of 1871, which ensures the Pope free intercourse with the outside world and an annuity of $600,000. No Pope has ever accepted the annuity. Instead, the Vatican has demanded the return

[1] Apparently a reference to the Sacco-Vanzetti case.

of its territory, and has insisted that its status be fixed by an agreement to which it is a party, and not by the one-sided act of the Italian Government. Despite his former reputation as an atheist, Mussolini adopted a conciliatory attitude toward the Pope. His motive was apparently to strengthen the position of his government with the strong Catholic element in Italy. If he adopted a policy of conciliation, priests no longer would teach the people that the State was the "despoiler of the Church," and Catholic schools in the Near East and elsewhere would pay greater attention to the Italian language. Mussolini apparently wished to supplant the position of France as the defender of Christian interests in the Near East. Such influence indirectly helps trade.

Accordingly Mussolini made religious instruction compulsory in the public schools. Such instruction was given by the regular school teachers, and the Church enjoyed only limited rights of approval. He had crucifixes hung in the school room; he appointed chaplains for the army, and he increased the sums paid by the government to the priests. He personally attended important religious ceremonies.

Rumor has it that negotiations have been carried on looking toward a solution of the long-standing dispute over the status of the Vatican in Rome. According to one report, five square miles of territory to the southwest of the Vatican may be ceded to the Pope—territory which could be used for a radio and aviation landing station and thus insure the uninterrupted communications of the Vatican with the outside world. It is also rumored that the independent position of the Vatican and its right

to receive foreign ambassadors may be guaranteed in a treaty or concordat to which the Vatican will be a party.

No definite agreement, however, has been announced. Instead there have been conflicts. In March 1928, Mussolini suppressed all institutions having as their object the physical, moral or spiritual education of youth, except those controlled by the national Balilla, a Fascist organization. Following a vigorous protest of the Vatican, it was agreed that the Catholic Boy Scouts should be assimilated with the Balilla and that the Catholic Church should have charge of the religious training of the whole Balilla organization, priests giving one hour of religious instruction per week. Other Catholic organizations could maintain their independence. A conflict arose two months later over an athletic contest for Fascist girls in Rome, against which the Pope protested. He objected to the costumes of the participants and declared that "if a woman's hand must be raised, we hope and pray it may be raised only in prayer or in acts of charity." Despite this protest the competition was held. Fascism claims a monopoly of education, and this claim the Vatican contests.

As long as Roman Catholicism remains international and as long as Fascism remains aggressively national, it is doubtful whether the Roman question will be settled. If the Vatican capitulates to Mussolini, Catholics elsewhere will ask whether the Church is losing its international character and becoming the agent of an aggressive Italy. Already Catholics are asking whether the time has not come to take the control of the Roman Catholic Church out of Italian hands.

Conclusions

It is difficult to pass any sweeping judgments upon Mussolini and the creed he upholds. There is, however, no doubt but that he has revived the drooping energies of the Italian people. A recent writer states that "exuberant confidence in Italy's future and youthful enthusiasm for conflict are certainly the most obvious traits of the Fascist mind and imagination." [1]

This new spirit has had its effect upon the internal life of Italy. Sublimating itself in economic activity, this spirit has led to the regeneration of finance and the stimulation of industry. It has led to the enactment of fascinating experiments in political and social organization.

In bringing about these changes, Mussolini has ruthlessly stamped out all opposition. It may be true that the brutalities of the early years of the régime have diminished. If so, it is because the opposition is thoroughly cowed or has disappeared. Even if material progress has been made there are those who still believe that free speech is more important than to have the railways run on time.

From the international standpoint, Fascism constitutes a potential danger because of Mussolini's deliberate advocacy of expansion, and because of his opposition to the League of Nations. In a Trieste speech in the early days of his régime, Mussolini stated, "Fascism does not believe in the vitality nor in the principles which inspire the so-called League of Nations."

The governments of Europe soon learned, however, that they should not take Mussolini literally. A foreign

[1] Schneider, H. W. *Making the Fascist State.* (See footnote, p. 342.)

war would injure Italy perhaps more than it would injure her opponents. Even Mussolini is now putting on pacifist airs. In his speech of June 5, 1928, he said, "Italy wants peace, but cannot neglect armed safeguards . . ." Italy would limit her armaments provided they were not exceeded by those of any European nation. Answering the charges of hostility toward the League he said, "The Italian Government does not give the League of Nations credit for possessing almost mythological virtues . . . But to realize the League's limitations does not imply hostility or lack of interest. The truth is, Italy participates in the League of Nations with the conviction that it has been useful on many past occasions and can again be useful in the future . . ."

There are a number of similarities between Fascism and Bolshevism. Both were originally governments of minorities; both have unscrupulously employed violence in suppressing opposition; both have attempted to bring about a new social order. But while Communism is based on the dictatorship of the proletariat and the state monopoly of capital, Fascism accepts private enterprise, but provides for the integral organization of capital and labor into syndicates, which define to a certain extent conditions of labor and are given complete power in the Chamber of Deputies. Although the Communists care little for patriotism, they stand for class imperialism. Fascism on its part deifies the Italian nation. Both believe in expansion: one in the expansion of Italy, the other in the expansion of the proletariat.

What the future prospects of Fascism are, no one may say. Some industrialists are beginning to be irked under

the restrictions of the Syndicalist régime, while the syndicates themselves threaten Mussolini's power. Whatever the future may be, Bolshevism and Fascism both are vital and vivid experiments in social control.

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GERMANY
SWITZERLAND
Innsbruck
AUSTRIA
Salzburg
Vienna
Danube R.
CZECHOSLOVAKIA
POLAND
BUKOVINA
BESSARABIA
Dniester R.
Dnieper R.
U. S. S. R.
Budapest
HUNGARY
Danube R.
Theiss R.
Sereth R.
Pruth R.
Odessa
SOUTH TYROL
TRANSYLVANIA
RUMANIA
Maros R.
Drave R.
Save R.
BANAT OF TEMESVAR
CRIMEA
Sevastopol
Venice
Trieste
Fiume
Po R.
Bologna
SAN MARINO
Florence
ITALY
ADRIATIC SEA
JUGOSLAVIA
Zara
Belgrade
SERBIA
Morava R.
Bucharest
Danube R.
DOBRUDJA
BLACK SEA
Varna
MONTENEGRO
Sofia
BULGARIA
Maritza R.
Rome
Naples
Tirana
Durazzo
Brindisi
SASENO
Valona (Aylona)
ALBANIA
MACEDONIA
Salonika
Kavalla
Adrianople
Constantinople
Scutari
Angora
Broussa
TURKEY
GREECE
AEGEAN SEA
CORFU
Smyrna
SICILY
Athens
Wms. Eng. Co., N.Y.

CHAPTER XVIII

THE BALKANS AND TURKEY

The Balkan Peninsula, protruding its mountainous mass between the Adriatic Sea, the Aegean Sea and the Black Sea, has richly earned its designation as the storm center of modern Europe. Forming as it does the first half of that bridge between Europe and Asia of which Turkey constitutes the other half, the extreme southeastern portion of Europe has long whetted the territorial appetites of European Powers who have aspired either to use that bridge or to guard it. Peopled by Slavs, Teutons, Turanians, Latins, Semites, Hellenes and others, the Balkan Peninsula has always afforded ambitious Powers both the excuse for intervention and the means to stir up strife.

It was thus, for example, that Imperial Russia, which yearned for the warm-water port of Constantinople commanding the Eastern Mediterranean, was able to profess a paternal interest in the welfare of all Slav peoples subject to Ottoman domination in the Balkan Peninsula. Russian influence had its share in fomenting successive nationalist uprisings against the Ottoman Empire; but the face of Russia did not cease to be turned toward Constantinople even after two Slav States, Serbia and Bulgaria, had been successfully established where once the Star and Crescent had flown. In a less intensive way

Great Britain had also intervened in Balkan affairs. Apprehensive of a Russian advance, yet sympathetic toward the new Christian States of the Balkans, it had adopted the anomalous course of strengthening Turkey's hold in Asia while opposing it in southeastern Europe; thus Lord Byron had aided the struggle of the Greeks against Turkey while Florence Nightingale had nursed British soldiers fighting against the Russians on behalf of the Turks.

Austria had been a third Power to dabble in Balkan politics. Blocked from expansion on the north by a powerful and friendly Germany, it had turned its attention southeastward to find in Serbia the first obstacle to its scheme of territorial expansion. It was the notorious conflict which developed out of the southeastward drive of Austria which caused the latter to seize upon the assassination by a Serbian of the Archduke Ferdinand and his wife at Serajevo in June 1914, as a pretext for precipitating a Serbian war. Thus one is justified in saying that it was outside pressure upon the Balkans which was the immediate occasion of the most devastating war in recorded history.

But it was not only before 1914 that the Balkan peninsula was a storm center. Even since the boundary adjustments of the post-war settlement the Balkan barometer has often been a falling one. Austria, Turkey, Russia and Great Britain may have fewer immediate interests to serve in that region now than formerly, but French and Italian interests have superseded them; the ambitions and mutual rivalries of the Balkan States themselves, meanwhile, are fully as intense as before. The new boundaries have not satisfied all parties. Questions of commercial strength and

of ethnic integrity have arisen out of the post-war settlements. Thus Bulgaria, Greece and Jugoslavia have been involved in perennial disputes with one another, while Albania has been a source of perpetual discord between Jugoslavia and Italy.

The Struggle for Trade Outlets

The commercial difficulties involved in the post-war settlement early became obvious. Bulgaria, defeated both in the Second Balkan War and in the Great War, chafed under the Treaty of Neuilly imposed upon it in November 1919, whereby it was forced not only to cede the Dobrudja to Rumania on the north but also Western Thrace and part of Macedonia to Greece on the south. This treaty had left Bulgaria without direct access to the Aegean Sea. It is true that Bulgaria was promised facilities for transporting its merchandise to the Aegean across the strip of territory ceded to Greece and that it hoped on the strength of this promise to possess at least one of the southern ports it had held after the Second Balkan War. But this hope was denied it. At the Lausanne Conference (1922-23),[1] Bulgaria demanded that it be given direct possession of an Aegean port and the railway corridor leading to it, or at very least that such a port and corridor should be placed under an autonomous régime subject to Bulgarian influence. But even before the Great War, Greece and Bulgaria had disagreed on this subject and now Greece refused to do more than to set aside an Aegean port under international control for Bulgaria to utilize. or, as

[1] See below, p. 383.

an alternative, to establish a Bulgarian zone in the Greek port of Saloniki. Bulgaria would accept neither suggestion at the moment, and for the time being had to content itself as best it could with its Black Sea ports.

In October 1925, Greece, on its own initiative, set aside a Free Zone in the port of Saloniki under the management of a Greek Commission, for the purpose of affording Bulgaria and other states facilities for the free shipment of goods. Bulgaria still felt that its minimum requirements had not been met, and awaited an opportunity to press on Greece its claims for more direct control of a trade outlet on the Aegean.

Jugoslavia, which, like Bulgaria, was engaged in a struggle for more advantageous trade outlets, had already been granted a free zone of its own at Saloniki in March 1925. This had been done in pursuance of a friendly Graeco-Serb agreement prior to the Second Balkan War. Jugoslavia now complained because the zone allotted to it was surrounded by the Greek Free Zone itself, and because the Jugoslav Free Zone was too small to handle the prospective volume of trade. Jugoslavia was perhaps even more dissatisfied, because adequate guarantees for the efficient operation of the Greek section of the Belgrade-Saloniki railroad were not provided, and charged that unnecessary delays were causing Jugoslav imports to pile up in the warehouses at Saloniki. By announcing the abrogation of an expired Graeco-Serb treaty of alliance, Jugoslavia forced Greece to enter into negotiations on the whole Saloniki question once more, and obtained a favorable agreement on August 17, 1926. The purpose of the 1926 agreement was to enlarge the Jugoslav Free Zone at Salon-

iki and provide a new scheme for the smooth working of the railroad between Saloniki and the Jugoslav border. All would have been well, from the Jugoslav point of view, had not a revolution suddenly overturned the Greek Government, leaving the unratified treaty an ineffective scrap of paper in the hands of the disappointed Jugoslavs.

But Jugoslavia, like Bulgaria, looks out on two seas; and so, as disappointments continued on the Aegean, Jugoslavia gave increasing attention to its ports on the Adriatic. There was great rejoicing when in April 1928, it was announced that a consortium of British and American banks was arranging to make a loan of $250,000,000 to the Jugoslav Government for the construction of a modern port at Cattaro and a railroad running from that port to Belgrade.

This announcement gave promise of the dawn of a new day for Jugoslav commerce in the Adriatic, where for the last ten years Jugoslavia had been faced with the uncertainties contingent upon a bitter and unequal competition with Italy. That Italy was more favorably placed than Jugoslavia for a contest of power in the Adriatic had been obvious. From Venice to Brindisi Italian ports had long been carrying on a vigorous business in that area, to the advantage of Italy, whereas before the Great War the commerce of the Dalmatian coast had been the concern not so much of Serbia as of Austria. The fact that Austria had taken possession of the Dalmatian coast meant that the best railway connections of Dalmatian ports were now with the north rather than with Belgrade and the east. United Jugoslavia was thus faced from the outset with the problem of linking the Dalmatian ports with their new

political hinterland—a territory which, in point of fact, had always constituted part of their economic hinterland.

At the close of the Great War, Italy received additional advantages. It was given the port of Trieste at the head of the Adriatic, together with a foothold on the Dalmatian coast at the enclave of Zara. Fiume, not far from Trieste, which by the Treaty of Rapallo (November 1920) was constituted a Free State, was seized by Italian troops in September 1923, and never subsequently relinquished. A final consideration in Italy's favor was the fact that it possessed four naval bases in the Adriatic.

Thus, by means which were usually, but not always, legal Italy was firmly established in the Adriatic, and now talked of that body of water as if it were almost an Italian lake. It was the firm conviction of Jugoslavia throughout the post-war period that to round out its existing advantages Italy was set upon acquiring Albania, and building up a system of Balkan alliances for the encirclement and ultimate undoing of Jugoslavia. There were several considerations which seemed to support this view. It appeared to have been only President Wilson's influence and the existence of a strong nationalist movement in Albania which prevented a mandate over Albania from falling to the share of Italy after the Great War. Moreover, Italian forces had been withdrawn reluctantly from Albania after it had been decided to re-establish it as an independent state. The island of Saseno, just beyond the Albanian port of Valona, was still an Italian naval base. Again, although Albania was a full-fledged member of the League of Nations, it was known that the Conference of Ambassadors in November 1921, had placed in the hands of Italy

a peculiar hold upon that small nation by providing that in case Albania should ever appeal to the League of Nations for assistance in preserving its territorial integrity, the League representatives of the British Empire, France, Italy, and Japan would recommend that the task of championing the Albanian cause should be entrusted to Italy.

Still more disturbing to Jugoslavia was the Italo-Albanian Pact of Tirana, of November 1926, whereby Italy placed itself at the disposal of the Albanian Government to preserve not only the juridical and territorial *status quo* in Albania, but also the political *status quo*—an engagement which was made all the more significant by the fact that Ahmed Zogu Bey, President of Albania, was known to be peculiarly amenable to Italian influence.

Jugoslavia was all the more perturbed by these developments inasmuch as it had not always been entirely free itself from territorial ambitions affecting northern Albania. Seven months after the publication of the Tirana Pact, Jugoslavia found occasion to break off diplomatic relations with Albania (June, 1927). Belgrade authorities denied Italian charges that they intended a military *coup*. There were rumors of impending war. Jugoslavia asked for an international inspection of its borders to prove that it had not been mobilizing there. Feeling was intense. A proposed conference between Italy and Jugoslavia failed to be held because of Mussolini's declaration that the Tirana Pact could not be made a subject of discussion at any such gathering. Five months later, in November 1927, Jugoslavia announced that it had concluded a new treaty with Italy's rival, France. Within two weeks Mussolini

countered with the announcement of a new twenty-year military alliance between Italy and Albania. In the battle of diplomacy Italy appeared to have the advantage over Jugoslavia as far as a direct increase of influence in the Adriatic was concerned.

The unfriendly spirit which marked the relations of Jugoslavia and Italy accorded ill with the Italo-Jugoslav treaty of friendship and cordial cooperation of January 1924. That pact had been negotiated at a time when the veteran Jugoslav statesman, M. Pashitch, had hoped to inject a more friendly spirit into Italo-Jugoslav relations. But he had failed to carry with him the inhabitants of the Dalmatian coast, whose dislike of Italy and whose fear of its ambitions were marked. Thus he had been unable before he passed from the scene to secure ratification of a series of technical agreements (known collectively as the Nettuno Conventions) necessitated by the geographical juxtaposition of Jugoslavia and Italy since the Great War. So violent was the antipathy toward Italy of Jugoslavs on the Dalmatian coast and elsewhere that when it was learned in May 1928, that the Jugoslav Government intended once more to submit the Nettuno Conventions to Parliament for ratification, anti-Italian rioting occurred in the coast towns and in the capital and public opinion was so inflamed that the proposed debate on ratification had to be postponed yet again.

Greece, meanwhile, with its many harbors facing both east and west toward the open Mediterranean, was free from anxiety concerning trade outlets—except an anxiety to make the best use of the advantage it possessed in owning those Macedonian and Thracian ports through which

Bulgarian and Jugoslav trade was bound to pass. But although Greece did not suffer from a lack of seaports, it did share certain other anxieties which were a source of unrest in the Balkans during the ten-year period which followed the close of the Great War.

The Ambitions of Dissatisfied Minorities

Chief among these common anxieties was the difficulty of coping with dissatisfied minority groups. Macedonia, which prior to 1912 had been a directly-administered section of the Ottoman Empire, was the first source of trouble in this respect. It had been partitioned among Greece, Jugoslavia and Bulgaria after the Second Balkan War (August 10, 1913) in such manner that Bulgaria's portion was by far the smallest of the three. Bulgaria, however, was generally believed to be the most friendly-disposed toward the cause of Macedonian unity and autonomy. Remembering that Macedonia had once formed part of the Bulgarian Empire of the Middle Ages, Bulgarians envisaged a modern Macedonia, dependent upon Bulgaria for support of its territorial integrity, and bound to Bulgaria by ties of the closest friendship and gratitude. This feeling in Bulgaria was more than matched by a strong independence movement in divided Macedonia itself, where the revolutionary cause was championed by bands of so-called comitadjis, who, seeing no hope of attaining their desires by constitutional means, resorted to acts of violence which were a constant source of irritation in the Balkans.

The well-known friendliness of Bulgaria to the Mace-

donian cause made it natural that comitadjis expelled from Jugoslav or Greek Macedonia for their violent deeds should settle down in southwestern Bulgaria as close to their former homes as possible. This region soon became a hot-bed of Macedonian intrigue, and raids by comitadji bands across the border were not infrequent. On June 14, 1922, the governments of Jugoslavia, Greece and Rumania, each of which had its own reasons for wishing to keep Bulgaria in a submissive mood, addressed a joint note to the Sofia authorities on the subject of such incursions. Bulgaria, interpreting this joint note as a threat against itself, appealed to the League of Nations for support, asserting that the reduction of its army to a force of only 33,000 men under the terms of the Treaty of Neuilly made it extremely difficult to curb banditry on the borders.

The incident was soon closed, but the fundamental difficulty remained. The Jugoslav Government, refusing the claim of many Jugoslav Macedonians that they were of Bulgarian origin, imposed upon them a strictly Jugoslav régime. Macedonian revolutionaries complained that the Jugoslav Government was violating both the letter and spirit of the Minorities Treaty and accused it of wanton cruelty toward their confrères in southern Jugoslavia. They charged, moreover, that the Greek Government had seized upon the excuse of an overwhelming immigration from Asia Minor after the victory of the Turks over the Greeks at Smyrna,[1] to eject Bulgarians forcibly from Greek Macedonia as well as from Thrace. Here again, as in the case of Jugoslavia, charges of extraordinary cruelty were laid against the local authorities, and Greece was re-

[1] See below, p. 384.

peatedly reminded by the Bulgarian press of its international undertakings to respect the rights of its minority populations.

The question of Graeco-Bulgarian relations continued to be so difficult that it was made the subject of a League report in March 1925. Unfortunate incidents continued to be reported. On October 19, 1925, there occurred a spectacular violation of the Graeco-Bulgarian boundary and the two countries seemed on the verge of war when, at the suggestion of the Bulgarian Government, the Council of the League of Nations intervened. M. Briand telegraphed requesting that troops be withdrawn from the frontier and that hostilities be suspended until a Commission of Inquiry should have time to investigate the cause of the disturbance. This quick action prevented war. The Commission absolved both Greeks and Bulgarians from the imputation of a premeditated attack, but Greece was forced to pay Bulgaria a sum of approximately $125,000 in reparation for material and moral damages.

In July 1926, Bulgaria was once again implicated in difficulties on its border. A Jugoslav village was attacked by a band of comitadjis believed to have come from Bulgaria. Once again Greece and Rumania associated themselves with Jugoslavia in the note of protest that was addressed to Sofia. Again Bulgaria pleaded the hampering effects of the Treaty of Neuilly. But this time there was bitter resentment felt in Bulgaria against Greece and Rumania for having joined in the note of protest. No one had forgotten that Greece had been named the offender in the Graeco-Bulgarian boundary affair of less than a year

before, and Rumania had only recently been accused of putting to death unjustly some forty-five Bulgarians in the Dobrudja—the Alsace-Lorraine of Bulgaria and Rumania. Bulgaria suspected that Greece and Rumania, as well as Jugoslavia, were assuming the rôle of champions of righteousness at this particular moment with the ulterior purpose of securing representation, with none too friendly intent, on the League's prospective commission for administering a Bulgarian refugee loan.

In September and October 1927, there was a fresh outbreak of comitadji activity in Jugoslavia, culminating in the assassination of a noted Serbian general. Jugoslavia closed its boundary against Bulgarians. Suggestions of a conference between Greece, Jugoslavia and Bulgaria to discuss the Macedonian question went unheeded. Accordingly, the year 1928 found the Macedonian difficulty still unsolved.

Political Variations

Against this background of economic and ethnic strife in the Balkans, there remain to be mentioned very briefly a few of the general domestic and foreign issues which have absorbed the attention of Jugoslavia, Bulgaria and Greece during the last decade.

Jugoslavia, more accurately known as the Kingdom of the Serbs, Croats and Slovenes, is in essence a fresh experiment in the political fusion of three ethnic elements which before the war were politically disunited, although bound together by common race and language and by a common hatred of advancing Austria. The experiment has not been entirely successful, politically speaking. The in-

transigeance of Stefan Raditch, the fiery Croatian leader, was a perpetual encouragement to separatist sentiment, and made it extremely difficult for representative governments to retain effective majorities, especially after the death in December 1926, of M. Pashitch, the veteran champion of the Pan-Serbian ideal.

On June 20, 1928, there occurred in the Skupshtina a tragic incident which brought Croatian separatist feeling to a climax. On that day Stefan Raditch rose in his place to attack the Government in violent terms for its decision to submit to the Skupshtina for ratification the Nettuno Conventions between Jugoslavia and Italy of which mention has already been made. It was the opinion of M. Raditch that if the Jugoslav Government had due regard for the interests of Croatia it would not press for the ratification of these conventions. He charged the Belgrade Government with having acted as though Jugoslavia had no interests but the interests of Serbia. Angered by the violence of Raditch's manner, a supporter of the Government shot at another Croatian deputy who rose to continue the debate. Immediately afterward he shot Stefan Raditch, killed two deputies and wounded three others. Stefan Raditch, seriously wounded, was attended by Viennese physicians, but ultimately succumbed.

With two of their deputies slain, and their leader, Stefan Raditch, in hospital, Croatians began to show an ugly temper. They refused to accept the letter of condolence sent them by the Government, rejected offers of financial assistance for the families of the murdered deputies, and demanded that the Government resign. The incident was a

painful illustration of the lack of real cohesion in the Triune Kingdom.[1]

Outsiders have frequently observed in Jugoslavia a chauvinism which they attribute to the extreme fear of Italy which appears to have obsessed many Jugoslav minds. With the cry on their lips of "the Balkans for the Balkan people" they have watched with concern the diplomatic successes of Italy among its own neighbors. Hungary, Turkey and Rumania have reached special agreements with Italy; Greece and Bulgaria are growing more friendly toward Mussolini; Albania is already believed to be practically under his control. Membership in the Little Entente may have given Jugoslavia guarantees against expansionist movements in Hungary, but it has not afforded a similar protection against the ambitions of Italy. In spite of the moderate attitude of such statesmen as M. Pashitch and M. Marinkovitch, Jugoslavs in general have been apt to believe their own country to be the goal of Italy's immediate ambition, with the result that the nation has shown such special interest in the expansion of its own military strength that its neighbors have at times been made extremely uneasy.

Bulgaria, on the contrary, was considered by its neighbors for several years after the war to be too weak to cause any particular anxiety. And in truth Bulgaria was fully occupied at first with the task of keeping its own head

[1] Croatian deputies subsequently set up a Parliament of their own at Zagreb (August 2, 1928) which met at the same time as the Skupshtina in Belgrade. The latter body succeeded in ratifying the Nettuno Conventions in the absence of the Croatian deputies and the Serbian agrarians. The Croat separatists, meanwhile, in their "Parliament" at Zagreb, after discussing the possibility of establishing an independent Croatia, seemed to tend rather toward a demand for converting the Kingdom of the Serbs, Croats and Slovenes into a Federal State.

above water. A bitter struggle between the Agrarians under M. Stambulisky, who held the reins of power after the Great War, and their bourgeois rivals of the towns ended in the revolution of June 1923, and the return of a bourgeois government under M. Tsankov, pledged to concentrate on internal reconstruction. Communist agitations and occasional Communist outrages gave serious anxiety at times but did not cause an overthrow of the Government. Great satisfaction was felt when the Council of the League of Nations in March 1928, approved the raising of an international loan of $25,000,000 to strengthen Bulgarian banks, meet budget arrears and to improve communications. This loan was supplementary to the international loan of $4,500,000 of 1926 referred to above for the settlement of refugees in Bulgaria. The work of reconstruction was greatly retarded by violent earthquakes in the spring of 1928, however, which in Bulgaria as in Greece constituted a disaster of major proportions.

Greece, even more than Bulgaria and Rumania, has witnessed kaleidoscopic changes during the past ten years. In 1920 Greece was a monarchy. It was in possession of the Asiatic province of Smyrna. Its face was turned eastward and its leaders dreamed of establishing a new Byzantine Empire, with the thousands of Greeks still resident in Asia Minor as its chief supporters. There was talk of pressing on to Constantinople. With the encouragement of Lloyd George, a Greek campaign was actually launched in the interior of Turkey in 1921 against the Turkish Nationalists.[1] It had a disastrous ending in September of the next

[1] See below, p. 384.

year, when the remnant of the defeated Greek army embarked at Smyrna, and a precipitate flight began among the Greek inhabitants of Anatolia.

The Greek dream of empire had become a nightmare. On September 26 a military revolution took place in Athens, King Constantine abdicated on the following day and his son, George II, reigned in his stead. Eastern Thrace had to be given back to the Turks in spite of the Revolutionists' attempts to save it. Three former Premiers, two Ministers and one General were executed for the part they had played in inviting the national disaster.

The Revolutionists remained in power only fourteen months. A counter-revolution took place on December 17, 1923. King George was forced to abdicate as his father had done, and in March 1924, the country was formally declared a republic by unanimous vote of the National Assembly, which was upheld in its decision by a plebiscite in the following month.

The problem created by the influx of refugees into Greece during the months following the Smyrna disaster was so great that the Greek Government was unable to cope with it unaided. Foreign philanthropy helped to tide over the first year of the refugee invasion, but in September 1923, a Refugee Settlement Commission was established by the League of Nations and an international loan arranged to aid the refugees in finding productive employment. The number of refugees from Asia Minor, including those who came before the compulsory exchange of populations was agreed upon,[1] as well as those who came subsequently, reached a total equal to one-fourth the en-

[1] See below, p. 384.

tire population of Greece. Settled for the most part in Macedonia and Thrace, this new element in the population, which included many enterprising business-men and farmers, soon gave a new importance to that northeastern section of the country. From looking to Asia Minor for its future development, Greece turned in time to the northeast and began to realize in a more vital way than before the possibilities growing out of its connection with the Balkan peninsula proper.

With Italy on the west, meanwhile, Greece was not always on the best of terms. In August 1923, an event occurred which emphasized the difficult relations between the two countries—relations which had not been improved by Italy's retention of the Dodecanese Islands in the Aegean Sea, which Greece had hoped to receive at the close of the war. The event in question had to do with the killing on Greek soil of four Italians while delimiting the Graeco-Albanian boundary. Italy presented a 24-hour ultimatum to Greece demanding an apology, reparations and other satisfaction. The Greek note, rejecting three of the Italian demands and suggesting an appeal to the League of Nations, was met by an Italian occupation of the Greek Island of Corfu and by a bombardment of its citadel, where a number of Greek and Armenian refugees were housed. In spite of Italy's threats that it would continue to occupy Corfu if the League of Nations took matters into its hands, the League Council and the Council of Ambassadors in Paris worked on the case until a suitable settlement was arrived at, and in the end Italy actually did evacuate Corfu. Graeco-Italian relations assumed an entirely different aspect during the unconstitutional dicta-

torship of General Pangalos (January to August, 1926), when a special agreement was arrived at between the two countries whereby Italy was to provide a loan which would forward the ambitions of General Pangalos. But since the overthrow of the Pangalos régime, by the bloodless revolution of August 1926, a more conventional type of treaty has been under discussion. Much has been said concerning a Graeco-Italian pact of neutrality and non-aggression, although as this book is written such an agreement has not actually been concluded.

Of Greece in general, it may be said that its outstanding accomplishment during the last decade has been the assimilation, in spite of frequent changes of government, of an overwhelming refugee population; its outstanding political handicap has been the multiplicity of parties and the failure of any, since the reverses in Asia Minor, to retain office for long, except—as in the case of General Pangalos—by unconstitutional means. The immediate duty of the country—a duty which it has already set itself to fulfil—appears to be to provide means of rapid communication between the scattered portions of a land which sprawls in irregular fashion from Cape Matapan to the Maritsa River, so that the vigor which the infusion of new blood into the country has given it may find full expression in the logical economic and social development of Greece.

If the story of the past ten years in the Balkans is one of economic and political strife, and if various elements of the inhabitants of the Balkans are still far from acquiescing in the provisions of the post-war settlement, it must also be recorded that there are other elements among Bal-

kan populations which have of late grown accustomed to speak hopefully of a "Balkan Locarno" which, they suggest, will aid considerably toward bringing about a more healthy state of mind in the peninsula. Just what form a general Balkan pact or series of pacts would take is not clearly specified, but it is at least worthy of note that talk of a regional understanding has often been in the air.

The New Turkish Republic

The story of recent developments in southeastern Europe cannot be completed without at least a glance at Turkey, that Asiatic country which still stands with one foot on the narrow threshold of Europe.

When Turkey signed the Mudros Armistice on October 30, 1918, it was a defeated and discredited country. Its government was without strength and its national hopes were dead. Ten years later, thanks in part to the driving energy of its virtual dictator, President Mustapha Kemal Pasha, it had achieved a position of considerable strength, and seemed to have made a successful beginning in the task it had assumed of adapting itself to the requirements of western civilization.

The ten-year period was marked by a series of striking events. While Turkey was still impotent at the close of the Great War, British, French and Italian troops occupied Constantinople and the Straits, Greek forces took over Smyrna and its immediate hinterland, while British (later French) troops stood guard in the southern province of Cilicia and Italians penetrated into the Adalia region. On August 10, 1920, Turkey was forced to sign

the Treaty of Sèvres which, taken in conjunction with a Tripartite Agreement between France, Great Britain and Italy, would have reduced the effective dominion of the Sultan to a fraction of the peninsula of Asia Minor had the treaty actually been ratified.

It was during this period that a Turkish Nationalist movement under Mustapha Kemal Pasha began to exert a vigorous influence in the interior of Turkey. Pledged to secure for the nation the boundaries which they believed to be appropriate, the insurgent leader and his followers drove the French forces from Cilicia and the Italians from Adalia, routed the Greeks from Smyrna and in the end caused the Allies at Constantinople to sign away their special hold on Turkey by the Mudania Armistice of October 11, 1922. Eastern Thrace was now restored to Turkey, and the foothold the Nationalists desired in Europe was thereby assured.

It was only grudgingly that peace was made with Turkey at Lausanne in July 1923, after two protracted conferences had been held. The Allied Commission of Control was withdrawn from Constantinople, foreigners were deprived of their extensive extra-territorial privileges, and all of Asia Minor and Eastern Thrace up to Adrianople and the Maritsa River were definitely awarded to Turkey.

An important feature of the treaty was the general result it had of permitting Turkey to start afresh as a unified national state. By a system of forced exchange of populations between Greece and Turkey, the latter was enabled (except in Constantinople and Eastern Thrace) to complete that process of weeding out non-Turkish elements of the population which had been begun by the

notorious Armenian massacres and deportations of 1915. By a separate convention the Straits were kept open for all warships in times of peace and for neutral ships in time of war, while only a narrow strip on either shore was demilitarized. The Treaty of Lausanne was a Nationalist victory.

On October 29, 1923, Turkey was declared a Republic. Although its capital was moved from Constantinople, on the European shore of the Bosphorus, to Angora in the very heart of Anatolia, the new leaders of the country adopted a policy of vigorous Europeanization which has left no doubt in the minds of any that Mustapha Kemal Pasha envisages for his country a future closely linked with that of Europe.

The new Turkey deliberately stepped out of its place of leadership in the Moslem world when it abolished the Caliphate and later substituted a new Civil Code, based on that of Switzerland, for the Mohammedan law which had hitherto prevailed. When, in the spring of 1928, the Grand National Assembly voted to eliminate from the constitution the clause which declared that Islam was the religion of the Turkish State, the break with the Mohammedan world was almost complete.

Meanwhile Turkey demonstrated its determination not to slip back into subjection to European States when it refused to seek a foreign loan, in spite of its pressing need of capital for the country's rehabilitation. Prophecies that the nation's financial policy would lead to disaster were not fulfilled, and Turkey's determined self-reliance won for it the increasing respect of European countries. A system of European commercial treaties was rapidly built up

by the Angora authorities, but before 1928 Russia was the only country of Europe with which the new Republic voluntarily concluded and ratified a treaty of neutrality and non-aggression.

Russia and Turkey had been thrown into each other's arms during the period when the Allies controlled the Straits, and so long as both countries were regarded as outcasts by the remainder of Europe the bond between them was close. Turkey's attitude toward the League of Nations and the Permanent Court of International Justice continued for some time to be one of distrust. Thus it refused to recognize the right of either body to deal with the vexed question of whether the Greek Patriarch at Constantinople, who was personally liable to exchange, should have been expelled from Turkey in spite of the Turkish undertaking that the Constantinople Patriarchate would not be disturbed. Turkey had resented still more the decision of the League Council in December 1925, to award the disputed province of Mosul on its southeastern borders to Iraq. But in 1927 a decision of the Permanent Court of International Justice in favor of Turkey, in a dispute with France arising out of the collision of the French steamer *Lotus* with a Turkish vessel, somewhat mollified Turkey, which began from that moment to exhibit a greater interest than heretofore in the League and the World Court.

With this amelioration of Turkey's relations with other nations in general, came a lessening of its distrust of Italy in particular. Ever since the Turco-Italian War of 1911 the two countries had been enemies. As late as in June 1926, Turks feared an Italian invasion of Asia Minor. But in May 1928, Turkey concluded with Italy a pact of

neutrality, arbitration and conciliation which was an important step toward the achievement of a complacent relationship with Europe in general.

A rapid transformation of Turkish social customs, which cut deep into the national life, was going on meanwhile. By conforming more closely with European models in all phases of its daily life the country hoped in time to become identified with Europe. The transition has been rapid; it is far from complete; but it has already caused an unmistakable and irrevocable break with Turkey's Asiatic past.

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CHAPTER XIX

PROSPECTS FOR PEACE

During the last ten years the countries of Europe have pulled themselves out of a quagmire. They have laboriously built a new foundation for physical existence. They have regained lost strength. How is this new strength to be used? Have the nations been chastened by the past? Do old enmities burn strong? Do these nations sullenly plot for revenge? Past chapters have attempted to answer some of these questions. A new spirit is coming over Europe, in which dogmas of nationalism are being supplanted or supplemented by a new devotion to humanity. But a spirit cannot work in a vacuum. If this spirit is genuine, it must have concrete applications. What are the outstanding political and economic ills in Europe today?

Most of these ills have their roots in the peace settlements of 1919 and in the conditions of which those settlements were the outgrowth. There can be no peace in Europe as long as one set of powers attempts to keep another set of powers under perpetual subjection—and such was the object of the Treaty of Versailles. Already the Allies have disavowed this purpose of the treaty, and already they have consented to many modifications. These have come about, not in a spectacular conference, but through gradual and almost hidden processes. A catalogue

of some of these modifications will demonstrate their importance:—The Allies did not attempt to try the Kaiser and the German war criminals, as the treaty had provided. In 1920-21 both Belgium and England gave up their right to take financial reprisals against German private property in case Germany violated the peace treaty. France surrendered the same right upon signing the commercial treaty with Germany in August 1927. The one-sided restrictions imposed by the Allies on Germany's tariff lapsed in January 1925. Sweeping changes in the original reparation demands were made by the Dawes plan and the London agreements.

Likewise important modifications in the disarmament provisions of the peace treaties have been made. These treaties, it will be recalled, (1) imposed limitations upon the armaments of the defeated powers, (2) planted inter-allied commissions of investigation in the territories of the defeated powers, (3) provided for the occupation of the Rhineland by Allied troops.

While naturally no steps have been taken permanently to remove the limitations upon the armaments of the defeated powers, the inter-allied control commissions in Germany, Hungary, Austria, and Bulgaria have all been withdrawn. Likewise the Allies have evacuated the Cologne area of the Rhineland.

It may be of interest to glance at some of the details of the latter story. With the French occupation of the Ruhr, the Allied commissions hastily evacuated Germany in fear of their lives. Believing that the people had again become calm, in June 1923 the Allies resumed their supervision, which met with a sullen, if not openly hostile

reception. In August 1924, the London reparation agreements were signed, which brought about an improvement in the feeling between France and Germany. Following the signature of the reparation agreements, the German people assumed that the Cologne area of the Rhineland would be evacuated on January 10, 1925 in accordance with the treaty. Under the treaty, however, evacuation would take place only "if the conditions of the treaty were faithfully carried out by Germany." The Allies now charged that Germany had failed to reorganize its police, demilitarize its factories and take other measures prescribed by the treaty. An acrimonious debate continued long past the original date for evacuation; and in a note of June 4, 1925, the Allies served notice of a detailed list of measures which Germany must carry out before evacuation would take place. Meanwhile the Locarno negotiations were well under way, bringing with them a better spirit on both sides of the Rhine. In July 1925, the French troops evacuated the Ruhr, and, following the enactment of further disarmament measures by Germany, the Allied troops left Cologne, beginning November 30.

In the Locarno negotiations, the question of the occupation of the remainder of the Rhineland was also raised, though nothing was stipulated. In November 1925, the Allies sent a note to Germany stating that they would introduce alleviations in the occupation of the Rhineland, consent to the appointment of a German Rhineland Commissioner of the Occupied Territory, and reduce the number of troops. While the Allies carried out certain changes, and while they reduced their troops by four or five thousand, a dispute soon arose between them and Germany,

which is still pending, over the reduction of the number of Allied troops.

Dr. Stresemann declared in June 1927, that the promise to reduce Allied troops "to a figure approaching normal" meant that they should be reduced to the figure maintained by Germany in these territories in 1913.

German opinion has gone much further and demands the evacuation of the Rhineland immediately, instead of in 1935. In the famous and ill-fated Thoiry interview, Stresemann is reported to have proposed complete evacuation in 1927, in return for which Germany would help out the franc by the sale of a billion and a half marks of railway bonds, issued as part of the reparation settlement. The German view is that since Germany is complying with the provisions of the Dawes plan and the armament clauses of the treaty, and since it has entered into the Locarno agreements the main reason for occupation has largely disappeared. Conservative and above all military opinion in France, however, seems determined to hold the Rhine as a gage for the future. A modification in this view was indicated in a recent statement by M. Briand that "the occupation does not agree with the taste of the French people," and by the suggestion discussed in France that evacuation might take place if Germany would grant an Allied commission power to see to it that the demilitarization of the Rhine is observed, and would market the reparation railway bonds. While technically France may occupy the Rhine even after 1935, it does not now seem improbable that evacuation will have taken place some time before that date. This is only seven years distant. It is difficult to exaggerate the irritation caused by the pres-

ence of Allied troops on German soil. The longer they remain the longer will European conciliation be postponed. It is difficult to see what gains will arise out of exacting the full pound of flesh. The immediate evacuation of the Rhineland accompanied by guarantees in regard to demilitarization of the Rhineland would be a gesture of friendship having far-reaching effects upon a Franco-German rapprochement.

Finally, between 1923 and 1927, the Allies negotiated with each of the defeated powers in regard to the withdrawal of the commissions of control which saw to it that the general armament restrictions imposed by the treaties were observed. In each case they insisted that the disarmament clauses of these treaties be executed and that the place of the Allied control commissions should be taken by the Council of the League of Nations in accordance with Article 213 of the Treaty of Versailles and corresponding articles in other treaties. To pave the way for the assumption of such control, the League in 1924 worked out a plan for commissions of investigation—one for each of the defeated powers. Each government represented on the Council may name thirty-four military experts who constitute a panel that may be called upon to undertake an investigation by the Council upon the complaint of some state. While each commission has a permanent president, its membership is selected *ad hoc* from the panel of experts. An investigation must be carried on by at least three experts of different nationalities, and the state under investigation cannot have a representative on the commission.[1]

[1] League of Nations, *Rules on the Exercise of the Right of Investigation.* (C. 729, 1926, XI.)

Following the constitution of this machinery, the Allies dissolved their control commissions. In the case of Germany, this was done in January 1927; in the case of Hungary, in May; in Bulgaria in the following month; and in Austria in February 1928.

While it may be preferable to have *ad hoc* League commissioners rather than permanent inter-allied commissions to investigate the armaments of the defeated powers, the League now has the unpleasant task of enforcing another one-sided provision of the Treaty of Versailles. As long as these disarmament provisions apply only to the defeated powers and not to the Allies, they will simply breed ill-will.

In June 1927, the Belgian Minister of National Defense publicly accused Germany of violating her disarmament obligations. In diplomatic correspondence, the Belgian Government declared that military expenses in Germany had increased out of all proportion to German needs as defined by the treaty. In reply the German Government quoted the Allied Conference of Ambassadors to show that the implication that Germany was maintaining an army larger than that allowed by the treaty was incorrect. In publicly making charges without first asking the League of Nations to investigate, the Belgian Government seems to have been guilty at least of exhibiting bad taste. Under the best of circumstances any one-sided system of disarmament is a cause of irritation in the defeated countries. It is not surprising that such a system should encourage a policy of evasion or (what is even worse) charges that evasion is taking place. In February 1928, as already seen, the Little Entente protested to the League

against the shipment of machine guns billed as machine parts from Italy to Czechoslovakia but destined for Hungary. In reply to the protest Count Bethlen of Hungary denied the right of the League to investigate and the matter was referred to the Council. The latter decided that Hungary had been guilty of a "technical violation" of the treaty, but did nothing further about it. In May 1928, escaping mustard gas near Hamburg killed a number of people, and led the press in some Allied countries to suspect that this gas was being manufactured in Germany in violation of the treaty. The Allies accepted the German explanation that the gas was part of an authorized stock, which indicates that a calmer view is coming to prevail in Allied circles. Nevertheless, both the St. Gotthard and Hamburg incidents hint at the fundamental difficulties underlying the Versailles system. Unless the Allies themselves disarm, sooner or later the defeated powers must be relieved of their obligations. The settlement of this question is fundamental to the conciliation of Europe.

In the next place, the reparation question is not yet settled. European conciliation will be impossible until the total obligations of Germany to the Allies are fixed (and at a moderate sum) and until foreign control over German finances is removed. We have already seen that the United States is destined, because of the Allied debts, to play an important part, either in promoting or delaying a reparation settlement.

War Guilt and the Versailles Treaty

There remain the questions of war guilt, colonies and frontiers. In Germany, loud objection has been made to

Article 231 of the Treaty of Versailles which states that "Germany accepts the responsibility of Germany and her Allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her Allies." The seriousness with which the Germans take the question of war guilt may be illustrated by the number of times their Government has referred to the subject. The German delegation which came to receive the peace terms at Versailles indignantly denied that the German people "were alone guilty" of causing the war.

The German Reichstag enacted legislation putting the Dawes plan into effect only on condition that the Government repudiate the principle of the above article. On August 29, 1924, Chancellor Marx declared in the Reichstag that the declaration, imposed on Germany "under the pressure of overwhelming force," that Germany caused the outbreak of the World War by her aggression "is contrary to historical fact." The Government of the Reich "does not accept that declaration . . . So long as a member of the community of nations is branded as a criminal to humanity, a real understanding and reconciliation between the peoples is impossible of realization. . . ." [1] The Government raised the question in connection with the Locarno negotiations.[2] It has maintained a Division of War Guilt in the German Foreign Office.

In September 1927, President von Hindenburg made a speech at Tannenberg in which he "repudiated" the

[1] *Survey of International Affairs, 1925*, Vol. II, p. 12.
[2] Cf. p. 106.

accusations that Germany was responsible for the World War. He declared that the war "was the last resort for the preservation of our existence against a host of enemies." Several million marks are appropriated annually by the German Government for propagandist purposes, and much of this is utilized to agitate against this and other provisions in the Versailles Treaty.[1]

Some writers go so far as to state that since the recent publication of official documents shows that Germany was not solely responsible for causing the World War, the peace treaty which was, in their opinion, based on that premise falls to the ground. But there is no agreement among the scholars even yet as to the allocation of war guilt. While there are few if any students who still maintain that Germany was "solely" responsible, many of them still accord to Germany the major responsibility. It is doubtful whether the appointment of a commission of historians from neutral countries would clarify the question. The real causes of the war go into the distant past, and the determination of war guilt will always depend upon individual interpretation.

Even if this question could be satisfactorily answered, it would not affect the validity of the Treaty of Versailles. Resentment against Article 231 of the treaty arises partly out of a strained interpretation of that article. The treaty merely holds Germany responsible for causing the *damage* to the Allies as a *consequence* of the war caused by German aggression. It does not impose sole responsibility upon Germany for causing the war. Technically, Germany was

[1] See *German Propaganda in 1926* (European Economic and Political Survey, June 15, 1927, p. 644).

the aggressor, but this is very different from being solely responsible—as the case of France in 1870 proves. The sentimental issue at stake might be solved by a joint declaration of the Allies interpreting Article 231 in this light. From the practical standpoint, as we have seen, many of the unsatisfactory provisions of the treaty are gradually being modified. Germany is still liable for reparation just as the Allies are liable for the war debts and her obligations are based upon the principle of commensurate taxation. But Germany's liability in this respect rises out of the damage which her invading troops actually caused and out of the fact that she lost the war. Since the question of war guilt is impossible of definite solution and since it is only of sentimental importance, little good comes from making it a concrete political issue.

The demand for the return of the German colonies derives its strength from the war argument—resentment against the implication of Germany's moral inferiority and unfitness for the task of administering colonies. This implication was removed by the admission of Germany to the League of Nations and the appointment of a German member to the Mandates Commission. As long as the open door is maintained in the mandates, there is little reason from the economic standpoint why Germany should receive her colonies back. Under the present system she can enjoy all the benefits of colonization and yet assume none of the responsibilities of administration. Some liberals in Germany take the position that in view of the growing racial difficulties throughout the world, colonies would be a liability rather than an asset to Germany.

European Boundaries and European Minorities

Probably the greatest obstacle to European conciliation is the disputed frontiers. Under this category fall a large number of questions—the Saar, Alsace-Lorraine, Eupen-Malmédy, the *Anschluss* question, the Eastern Frontier, Vilna, Bessarabia, the South Tyrol, the Hungarian boundaries, Macedonia and the Dobrudja.

In accepting the Locarno agreements, Germany virtually undertook never to dispute, either by force or diplomacy, the return of Alsace-Lorraine to France. The people of Alsace-Lorraine today have their grievances against French administration, but this is now a domestic issue involving the language question and clerical and decentralization issues.

The Saar stands on a different footing. Within seven years—in 1935—a plebiscite will be held to decide the fate of the territory. It is a foregone conclusion that the inhabitants will vote to return to Germany. France is bound to lose the Saar just as she is bound to evacuate the Rhineland. It would cost France little if she agreed before 1935 to the return of the Saar to Germany; and it would be an important gesture of goodwill. Upon the return of the Saar to Germany, the latter government can be obliged to compensate France for the Saar mines. But since the sums named in the Dawes plan already cover the total amount which Germany is obliged to pay, any payment for the Saar mines will have to be deducted from the payments already being made. France will therefore have very little to gain in demanding compensation for the Saar.

Under the Versailles Treaty, the Council has the power

to veto the union of Austria and Germany, a veto which in effect has already been exercised. While this constitutes a political violation of the principle of self-determination, it is doubtful whether this prohibition will prevent the restoration of a peaceful Europe. Although there are powerful Catholic and Socialist groups in both countries which desire *Anschluss* and although the laws of both countries are gradually being made uniform, Austria's economic position is somewhat improved, and some Austrians do not wish to be tied up to the grave difficulties confronting Germany. With the appeasement of Europe it is not improbable that sooner or later the League Council may approve the Austro-German Union.

Grave difficulties exist, however, in regard to the Eastern Frontier. It seems certain that the Danzig question will sooner or later be reopened. Moreover a plebiscite might be held in regard to the other disputed areas. As far as Germany is concerned, the Eastern Frontier, the reparation question, and the one-sided disarmament provisions are the main obstacles in the way of European conciliation. Many people in the Allied countries are already beginning to say that the Allies have more to gain than to lose from meeting at least some of the German requests.

To what extent the other frontier difficulties will prevent the restoration of real peace it is difficult to say. Bessarabia and Vilna will lead to European war only in case Russia wishes a pretext to launch an attack. But there are no signs that Soviet Russia has any intention of embarking on such a foolhardy venture, for the immediate future at least. Austria will never be in a position to go to war with Italy over the South Tyrol; it is at present not likely

that Germany would come to her aid in such a crusade. The Balkan question is much nearer a solution than before the World War. Nevertheless the questions of Macedonia, the Dobrudja, and of Italy and Albania, not to mention other problems remain. These may give rise to disputes between Balkan states, and such disputes in the past have drawn in the larger powers. But in view of the organization of the League of Nations and of the desire of the leading powers to maintain peace in the Balkans, these disputes are not now as likely to lead to war as they formerly were. Already the League has energetically extinguished the sparks arising out of several Balkan controversies. Nevertheless the existence of frontiers which plainly violate the principle of nationality, will continue an irritant to European peace. The League of Nations is a forum where disputes can be aired; it will act as a machine to determine, as scientifically as possible, the exact basis of grievances. In the meantime, much irritation over frontiers could be eliminated if the rights of minorities were really respected and if tariff barriers were lowered and the restrictions removed from frontier trade.

These two questions of economic barriers and minorities are issues which affect the relations not only of Germany and the Allies but also of all other European states as a whole. Even if frontiers are altered, minorities will inevitably remain, and as long as they are oppressed, they will constitute an international problem. At present about 30,000,000 of the 400,000,000 inhabitants of Europe constitute so-called racial minorities. Of this number the majority live under the protection of minority treaties. These treaties were signed at the Paris Peace Conference,

between the Allied and Associated Powers on the one hand, and by Poland, Czechoslovakia, Jugoslavia, Rumania, Greece, Armenia, Austria, Bulgaria, Hungary and Turkey on the other hand. The Baltic states were likewise obliged to make declarations in regard to minorities upon their entering the League of Nations, while certain Polish and German minorities are under the protection of the Upper Silesian convention. Any minority from a treaty country may bring its grievances to the League Council. So far the League has not been active in investigating and taking action on these complaints, partly because of the former absence from the Council of Germany—a state interested in the proper treatment of minorities. Now that Germany has a permanent seat on the Council, the situation may change—the League may become more active. Nevertheless, there are obvious limitations to the investigations of an outside authority, however necessary such investigations may be. A change in internal attitude is necessary. Minorities must cease agitation for a return to their fatherland. Majorities must give minorities real participation in national life. The removal of political disputes between states and a growing sense of security may produce greater tolerance within the countries confronted with this problem—and this may gradually bring about some form of voluntary assimilation of the minorities concerned. The function of the League should be to assist the development of a mutual toleration rather than to impose a solution against the wishes of the dominant party.

If Europe is genuinely to recover, the economic question must also be solved. No country in Europe is self-

sufficient; each must buy and must sell in foreign markets. Yet nationalist fears of falling under the domination of the economically strong countries, plus the desire to establish independent industries, so as not to be at the mercy of a foreign power in time of war—these are the things which are responsible for maintaining tariff walls. If trade between European countries should become as free as it is within the forty-eight states of the American Union, the economic causes of war would be largely removed. Some Europeans already advocate the establishment of a European tariff union. Others go further and advocate a Pan-European movement. They advocate the creation, upon this economic basis, of a United States of Europe. It is usually agreed that any such proposals are for decades impossible of realization. Nevertheless, as the discussion of the Economic Committee of the League shows, trade agreements reducing tariffs are essential to European economic and political prosperity. International economic cooperation has already been brought about indirectly by the establishment of a number of international cartels between producers in various European countries which eliminate competition by dividing up markets. While these cartels discourage friction between competing national groups, any such organs, uncontrolled by international authority, are likely by increasing prices to abuse the interests of the consumer. The establishment of cartels by no means removes the necessity for reducing tariff barriers.

Finally there is the question of disarmament. While we have already discussed the question as it relates to Germany, the international problem of disarmament has been

left to the last, simply because there can be no genuine limitation of armaments, no real outlawing of war, until the causes of international disputes are removed. As long as territory is unjustly held, as long as minorities are mistreated, as long as tariff barriers obstruct essential trade, nations will feel insecure. So long as they feel insecure, they will not surrender their weapons of defense. In the past few years the United States and the League of Nations have attempted to bring about armament agreements. Except for the limited success of the Washington Conference, all these efforts have failed. Only when the major causes of war are removed and machinery for the pacific settlement of disputes has been established will the armaments question be solved. And then it will solve itself. When nations will be able to trust to an international society for the enforcement of their rights, then they will be able to reduce their armaments to the point consistent with their obligation to support international authority. Many Englishmen would like to see the British Government solemnly declare that in the future it will never use the British fleet as an instrument of attack except to carry out the sanctions of the League of Nations. If all states entered into a similar engagement, competition in armaments would come to an end. It would be a relatively simple matter to determine what contribution toward this international police force each state should make.

The League of Nations as an Aid to Peace

Such are the concrete problems, economic, political and social, confronting Europe today. Some solutions require

the alteration of the *status quo* created by the peace treaties. Others require closer cooperation between all European states in matters of common interest to them as a whole. It is not enough to outlaw war as a means of settling international conflicts. It is essential that a constructive means for solving conflicts be erected in war's place. Otherwise, disputes will remain unsolved, nations will harbor grievances in an atmosphere of smouldering hatred which sooner or later, despite anti-war promises, will break into flame.

When the people of the United States or of France or of any other country wish to solve their domestic problems, they attempt to secure the enactment of laws in a legislature where majorities usually make the decisions. In international relations, even for Europe as a whole, there is no parliament having the powers of a super-state. Each state is legally equal and independent; in theory it cannot be obliged to do anything against its will; a treaty affecting its interests cannot be changed without its consent. The League Council, unlike national parliaments, acts on a unanimous vote. This rule of unanimity must be reckoned with, especially when considering the possibilities of revising the frontiers of Europe and other provisions of the Paris Peace Treaties.

It was President Wilson's ardent hope that the League of Nations should be the instrument through which the provisions of the peace treaties could when necessary be revised. The League of Nations has been in existence only eight years. So far the question is undecided whether it is to remain an instrument for enforcing indefinitely the will of the victors of the World War upon the remainder

of Europe, or whether it is to become a real international organism for the continuous adjustment of international differences.

The League of Nations is an association of fifty-four states (twenty-seven in Europe) who come together annually in an Assembly at Geneva. The five great states, —France, Germany, Great Britain, Italy and Japan—are permanently represented on a smaller body, the Council, which contains nine other members, periodically elected by the Assembly. The Council meets at least quarterly. Both the Council and the Assembly may deal "with any matter within the sphere of action of the League or affecting the peace of the world." The general administrative work of the League is in the hands of a permanent secretariat at Geneva, composed of 465 experts representing thirty-four nationalities, who spend their entire time studying international problems. In addition there are commissions which advise the Council on technical questions—such as the Mandates Commission, the Economic Committee and the Permanent Advisory Commission on Armaments.

The League of Nations has two objects. The first is to settle disputes by peaceful methods *after they arise;* the second is to remove causes of dispute. When two members of the League become involved in a dispute they must submit it either to the Permanent Court of International Justice or to the League. The World Court (the Permanent Court of International Justice) consists of eleven regular judges and four deputy judges, elected for a period of nine years by a majority of the Council and the Assembly of the League, each voting separately. Up to January

1928, the Court had delivered eleven judgments and fourteen advisory opinions. The latter were given at the request of the Council. The decision of the World Court in a judgment is binding on the parties, while the advisory opinion carries great moral weight.

It is generally recognized that the World Court must confine itself to legal questions—to disputes in which some principle of international law is involved. The most important disputes in international relations, however, are not legal but political—disputes which the World Court cannot attempt to solve. If League members do not choose to submit disputes to the World Court they are legally obliged to take them to the League. Here the Council (or the Assembly) has no power to impose a solution on the parties. It studies the merits of the case and then simply makes a recommendation. If the Council (except for the representatives of the interested parties) is unanimous, one party to the dispute cannot legally go to war with the party which accepts the recommendation.

With several minor exceptions, the League Covenant outlaws war. If a member goes to war in violation of the Covenant, and thus becomes the aggressor, Article 16 of the Covenant obligates the other members to impose against the aggressor an economic boycott. The Council must also recommend to the governments what effective military force they shall contribute to be used against the aggressor. If nations illegally go to war they will encounter these "sanctions." In other words, the Covenant provides for an international policeman.

Popular emphasis so far has rested upon the efforts of the League to settle disputes, once they have arisen. These

efforts are important; but naturally they are not as fundamental as the removal of the causes of disputes. A court of international justice has no power to make new laws; it merely applies existing law. If for example, Germany and Poland should become involved in a dispute over the Free City of Danzig and should take it to the World Court, that body could not terminate the Free City régime and return Danzig to Germany. The World Court would be obliged to apply the Treaty of Versailles. It could not inquire whether the treaty provisions were just or unjust any more than the courts in the United States could inquire whether the prohibition laws are just or unjust. In each case the court must apply existing law. In other words, arbitration will be no solace to states smarting from injustice. Any movement to outlaw war—to deprive such states of self-help—which does not at the same time establish machinery for the peaceful revision of the *status quo* may become a modern form of the Holy Alliance.

The great problem in international relations is the problem of establishing machinery whereby the *status quo* may be peacefully changed. The doctrinaire solution would be the creation of a super-state in which a majority vote would determine action. There is not the remotest possibility, however, of the establishment of such a state during the present century. Other means, less sweeping, must therefore be found.

Within the League an attack on this problem of making new international law has already been made. The work of the Assembly, the Council and various technical organizations has already led to the formulation of about forty-five international treaties. When these treaties are ratified,

they become international law for the states which have accepted them. Through this method, agreements may be negotiated settling the economic issues in Europe, bringing about disarmament, and accomplishing other common ends.

It is, however, much easier to make a treaty than to amend it. Germany was forced to sign the Treaty of Versailles by twenty-six Allied states. Many of these states now agree that certain portions of the treaty should be revised, but legally a single state, it seems, may block any change affecting its own interests. Legally Poland may thus prevent any revision of the Eastern Frontier, while France may prevent any change in the Saar régime before 1935. To those of us who are accustomed to majority votes in domestic governments, this veto power in the hands of a single state seems highly unreasonable. Yet states in the international community differ vitally from individuals within a state. There are less than a dozen large states in the world, whereas there are millions of individuals within a single state. No great state will ever agree to submit its destinies to the majority vote of an international assembly controlled by the tiny powers. No revision of the peace treaties will accomplish its end—namely, European conciliation—if it is accomplished against the will of the principal parties. The bitterness created by a settlement imposed upon Germany by force would not be relieved if that settlement were revised in defiance of the wishes of the people of France. Instead of being confronted with the problem of a disgruntled Germany, Europe would be confronted with the problem of a disgruntled France. There is no hiding the fact that

M. Poincaré has been opposed even to the peaceful revision of the Paris treaties. During 1926 and 1927 Germany and Belgium carried on negotiations looking toward the retrocession of Eupen and Malmédy to Germany, and to the establishment of a neutral commission to determine the truth about the existence of Belgian *franc-tireurs* or snipers, during the World War. But the negotiations were suddenly dropped, and it was understood that this was due to pressure brought on Belgium by the French Government.

M. Poincaré's policies will not last forever; and already there is a feeling in France that the burden of guaranteeing all of the new frontiers of Europe, which France assumed through her policy of alliances, is out of proportion to the benefits which she supposedly gains. There are growing signs that with increasing economic cooperation between France and Germany made possible by the commercial agreement of August 1927, many Frenchmen are preparing themselves for a revision of the Versailles régime provided France receives concessions elsewhere.

Realizing the limitations of the policy of force and the importance of public opinion, Article 19 of the Covenant states: "The Assembly may from time to time advise the reconsideration by Members of the League of treaties which have become inapplicable, and the consideration of international conditions whose continuance might endanger the peace of the world." Under this article Germany, for example, may bring the Danzig question before the Assembly where it can be thoroughly aired. The Assembly has no power to impose a revision of the treaty. But its various members may discuss the question; the

Polish or other delegations opposed to revision might be convinced of the necessity of modifying their views, or the majority might convince Germany that no modification should take place. If the Assembly should make a recommendation and Poland ignored it, the whole matter might then be referred to the Council under Article 11. Under this Article any member of the League has "the friendly right" to bring before the Council or the Assembly "any circumstance whatsoever affecting international relations which threatens to disturb international peace or the good understanding between nations upon which peace depends."

It looks as if the destinies of Europe will be decided hereafter not upon the battlefield but in the forum of the League of Nations. The instruments in the contest will not be swords but propaganda. Blocs of nations will arise which will trade influence at Geneva, just as groups trade influence in legislative bodies at home. Decisions often will be made, not upon a basis of justice, but upon a basis of opportunistic intrigue. Methods of internal politics will be transferred to the international sphere. This may be disagreeable to those who cannot stomach the ways of politicians. But it is much the lesser of two evils. There is no system of government in which absolute justice is realized. In contrast to the way of war, the League offers a hope of progress, however slow and compromising its realization may prove to be.

When the League was first established, the foreign offices gave it little heed. The great states sent relatively obscure men to Geneva and the League did not dare to intervene in the major disputes of Europe, such as the

dispute over the occupation of the Ruhr. But with the repeated failures of the old diplomacy, the foreign offices turned to the League; and now Geneva is the meeting place of the leading statesmen of Europe. The record of the League meetings may at times reveal only petty accomplishments. But the leading statesmen of Europe, their spirits smoothed by the calm waters of Lac Leman and the majestic purity of Mont Blanc, may informally discuss common problems and gradually acquire a common viewpoint.

With two exceptions, all of the governments of Europe now use Geneva as the clearing-house for their international problems. These exceptions are Russia and Italy. Will these two states thwart the development of the League? Will they disturb the future peace of Europe? All prophecy is dangerous. Yet it seems correct to say that despite the existence of communistic propaganda abroad, Russia for the present has no intention of fighting a foreign war. The Bolshevik extremists believe that propaganda is a more effective means of overthrowing capitalism, while extremists and conservatives agree that war would be fatal to the success of Bolshevism at home.

In Italy the situation is slightly different, but the same considerations apply. One day Mussolini is a blusterer, as the case of Corfu illustrates, and the next day he is a pacifist as his conciliatory speech on foreign policy in June 1928 shows. The time may yet come when Mussolini may reach such straits that he will believe that he can save himself from his people only by diverting their attention from himself through engaging in a foreign war. But the result would probably be that the internal system of Italy

would come down with a crash. Italy's economic situation is still so unstable that war would be disastrous.

The passage of time may see the whole-hearted participation in the League of both Russia and Italy, as well as the full cooperation of the United States. Such is the aim of all friends of the League. Creditable as this aim is, its realization will not inaugurate the millenium. It may indeed postpone it if the victors in the last war seize control of the League machinery for the purpose of maintaining the *status quo* indefinitely. The preachments of the Council may prevent Lithuania from going to war with Poland over Vilna—friends of the League may acclaim another victory for peace. Yet as long as the Council declines to look into the merits of the controversy, the "victory" is of dubious value. Hitherto, the League has been slow in taking a vigorous stand upon controversial issues, out of fear of endangering its existence and its success. Yet the real vitality of the League sooner or later will depend upon its willingness squarely to face real issues. This coddling period must soon come to an end.

On August 27, 1928, fifteen governments signed in Paris a pact renouncing war "as an instrument of national policy." The initiative in preparing this treaty was taken by Secretary Kellogg of the United States and its conclusion followed negotiations which had extended over a long period of months. During these negotiations a number of "interpretations" of the treaty were made. Perhaps the most important of these declared that self-defense was not prohibited by the treaty and that each state might decide what constituted an act of self-defense. The British government also enunciated in this connection a reservation

which might be described as a British "Monroe Doctrine," while a number of governments declared that nothing in the treaty could invalidate their obligations under the League.

Altogether so many "interpretations" have been made by the leading parties to this treaty that it is difficult to see just what wars are really prohibited by it. Although the declaration embodied in this agreement may have some moral value, the treaty itself provides no machinery for removing causes of disputes. War can be genuinely outlawed only after the establishment of international institutions which not only will guarantee the world against armed marauders but which will establish processes whereby justice may be progressively realized and all pretext for the use of violence will be removed.

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